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VOLKSVERTEGENWOORDIGERS

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HOORZITTING MET PROFESSOR JOSEPH  
STIGLITZ

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cdH	centre démocrate Humaniste
CD&V	Christen-Democratisch en Vlaams
ECOLO	Ecologistes Confédérés pour l'organisation de luttes originales
FN	Front National
MR	Mouvement réformateur
N-VA	Nieuw-Vlaamse Alliantie
PS	Parti socialiste
sp.a-spirit	Socialistische Partij Anders – Sociaal progressief internationaal, regionalistisch integraal democratisch toekomstgericht
Vlaams Belang	Vlaams Belang
VLD	Vlaamse Liberalen en Democraten

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DOC 51 0000/000	Document parlementaire de la 51e législature, suivi du n° de base et du n° consécutif	DOC 51 0000/000	Parlementair stuk van de 51e zittingsperiode + basisnummer en volgnummer
QRVA	Questions et Réponses écrites	QRVA	Schriftelijke Vragen en Antwoorden
CRIV	version provisoire du Compte Rendu Intégral (couverture verte)	CRIV	voorlopige versie van het Integraal Verslag (groene kaft)
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MOT	motions déposées en conclusion d'interpellations (papier beige)	MOT	moties tot besluit van interpellaties (beigekleurig papier)

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## INHOUD

Hoorzitting met de heer Joseph Stiglitz, professor aan de universiteit van Columbia, voormalig ondervoorzitter van de Wereldbank. 1

*Sprekers:* **Dirk Van der Maelen**, volksvertegenwoordiger sp.a-spirit, **Pierre Galand**, senator PS, **Joseph Stiglitz**, professor aan de universiteit van Columbia, voormalig ondervoorzitter van de Wereldbank, **Zoé Genot**, volksvertegenwoordiger ECOLO, **Jean Cornil**, senator PS, **Jean-Marc Nollet**, volksvertegenwoordiger ECOLO, **Jihane Annane**, senator MR, **Jo Vervecken**, ABVV, **André Van Poeck**, professor Universiteit Antwerpen (UA), **Etienne De Belder**, OXFAM, **Olivier Bonfond**, Comité pour l'annulation de la dette du Tiers-monde, **Claire Mandouze**, **Arnaud Zacharie**, Nationaal Centrum voor ontwikkelingssamenwerking (NCOS)



## AUDITION

du

JEUDI 01 MARS 2007

Après-midi

## HOORZITTING

van

DONDERDAG 01 MAART 2007

Namiddag

**01** Hoorzitting met de heer Joseph Stiglitz, professor aan de universiteit van Columbia, voormalig ondervoorzitter van de Wereldbank.  
**01** Audition de M. Joseph Stiglitz, professeur à l'Université de Columbia, ancien vice-président de la Banque Mondiale.

De vergadering wordt geopend om 14.39 uur en voorgezeten door de heer Dirk Van der Maelen, volksvertegenwoordiger, en de heer Pierre Galand, senator.

La séance est ouverte à 14.39 heures et présidée par M. Dirk Van der Maelen, député, et M. Pierre Galand, sénateur.

**01.01** Voorzitter Dirk Van der Maelen: Ik wens iedereen van harte welkom. Het is voor ons vandaag een heuglijke dag. Ik heb het daarstraks al gezegd bij de verwelcoming. De heer Stiglitz is niet alleen een Nobelprijswinnaar maar hij is ook een icoon van de andersmondialistische bewegingen. Wij zijn heel blij dat hij vandaag bij ons is.

Na te hebben geluisterd naar onze eregast, professor Stiglitz, zult u straks de kans hebben een aantal vragen te stellen. Zoals het de gewoonte is in de commissie voor de Globalisering geven wij eerst het woord aan de aanwezige parlementsleden om hun vraag te stellen en als die vraagstelling is uitgeput – en laten wij hopen dat dit niet te lang duurt – dan kunnen ook anderen een vraag stellen. De tijd van professor Stiglitz is echter niet onbepakt.

Ik stel voor dat wij er verder geen woorden aan vuil maken en maar meteen professor Stiglitz het woord geven voor zijn inleidende uiteenzetting.

Dear professor, you have the floor. But first my friend and colleague president Galand has something to say.

**01.02** Président Pierre Galand: Dirk a raison. On est là pour un temps extrêmement court. Je vous

signale simplement que le professeur Stiglitz a un avion à 17.15 heures pour Londres et qu'il a accepté de passer par Londres au lieu de se rendre directement à New York, pour être avec nous cet après-midi. Je tiens à l'en remercier énormément. (*Applaudissements*)

À 16.15 heures impérativement, nous lèverons le débat, quelle que soit la question qui soit posée, parce qu'il ne peut pas rater cet avion.

**01.03** Professor Joseph Stiglitz: Thank you for giving me the opportunity to talk to you on the issue of globalisation. There are of course many more issues than the IMF. I hope that, because I am going to focus my remarks on the IMF, that during the question period we can discuss things in a broader set of issues, including development policy, the World Bank, trade policy, the WTO.

The IMF is a good vehicle for trying to understand some of the problems and some of the difficulties with globalisation.

Globalisation has meant that the countries of the world have become more integrated, more interdependent. That means that what happens in one part of the economic system has effects on other parts of the economic system. Because of that there is a greater need for collective action, for doing things cooperatively, for solving problems cooperatively.

One of the major points that I raise in my new book 'Making Globalisation Work' is that the problem is that economic globalisation has outpaced political globalisation. The development of democratic institutions and mindsets that can deal with the problems posed by globalisation in an effective way. As I say I think the problems of the global financial markets illustrate this.

The basic tenets can be summarised as follows, and I'll go through this a little more systematically in the slides:

Markets by themselves are not stable. There is a lot of instability. It has always been the case, since the beginning of capitalism that there have been fluctuations, ups and downs, in markets.

One of the great contributions of Keynes was to recognise that there is an important role for government in helping stabilise the economy. And through monetary and fiscal policies, governments have, since World War II, been able to reduce the magnitude of economic volatility, to make sure that expansions are longer than they were say before World War I and recessions are shorter.

There are different ways of organising a market economy, different sets of rules, rules about capital market liberalisation, financial market liberalisation, design of financial institutions. These various rules have important consequences for how national economies and the global economy functions, the extent to which it is stable, the extent to which there is robust growth. In particular it can effect the ways in which economies are exposed to shocks, it can effect how economies amplify the shocks, the experience, and it effects how shocks can move from one country to another, sometimes co-contagion. The problem is that the international institutions and arrangements are not up to dealing with the problems that this kind of interlinkage of economies poses at the global scale.

Today, for instance, there is an agreement that there are serious worries about global imbalances. I have been writing about this for some time. Many people have been worried about global imbalances. The worry is that there will be a disorderly working out of these imbalances. An example of the kind of worries were exemplified about two days ago where a problem in China spread all over the financial markets all over the world. But what is really worrisome is that it spreads not only to financial markets but to the real economy leading to unemployment and economic downturns.

The G8 has been talking about these problems but the G8 cannot effectively address these problems because there is again a general widespread view that among the sources of the problem are heavy accumulations of reserves by the East-Asian economies – China now has over a trillion dollars of reserves – and the undervalue of the exchange rate on the part of China.

Whether that is true or not is a question of some debate. There cannot be a debate about the global economy in which some of the most important

global players are only invited to lunch and are not a regular member of the debate.

China is an important economy and yet it is not a member of the G8 and so the G8 cannot effectively or credibly address these problems. But nor can the IMF. Because, everybody agrees that the fundamental problem, the most important problem, has to do with the US, its huge trade deficits. The US, the richest country in the world, is borrowing close to 3 billion dollars a day from countries that are much poorer. The US, last year, had a household savings rate that was negative and these are global imbalances.

But how can the IMF effectively address this when inside the IMF the US has a veto? So, the IMF starts criticising the US too strongly and the US simply veto whatever recommendation that the IMF can make. The management knows that it is dependent on the US and so inevitably their criticism will be muted. They've actually been more outspoken than many people thought but there cannot be an effective way of addressing it.

But what makes matters worse is that the IMF policy recommendations have actually contributed to the magnitudes of global instability. This is all prelude to a discussion of why there is a need for reform and most of my remarks today will talk about what kinds of reforms might make a difference.

So, I will begin the discussion by saying, the IMF is an international, public institution whose objective should be to enhance the growth and stability of the worlds economy with special attention to the needs of the developing countries. It should be enhancing global financial stability and the flow of funds to developing countries with the underlying concern that markets by themselves do not work perfectly.

The problem is that money has been flowing from poor countries to rich countries. Last year, about 800 billion dollars went from poor countries to rich countries. If you were in a world of physics and you started seeing water moving uphill you would say that something is weird about this world. You would have a science fiction movie on anti-gravity. Well, this is what has been happening to our economy, to the global economy. This suggests that something is not right. At the same time that money has been flowing the wrong way, so has risk. The developing countries continue to bear disproportionately the burden of interest rate and exchange rate volatility. Well functioning markets would shift the burden of risk from those less able

to those more able to bear risk and rich people are better able to share risk. But this is not what has been happening. So, these are the kinds of questions that the IMF should have been concerned with.

Of course the reason that finance stability is of such importance is that it is essential for economic stability. Economic stability is important for growth and for poverty alleviation. The IMF has now focused a great deal on stabilisation but they focused on a particular part of stabilisation, what they call 'price stabilisation'. But 'price stabilisation' by itself does not necessarily lead to real stabilisation, stabilisation in the real economy including low unemployment. In fact poorly designed stabilisation policies may adversely affect growth and that is again one of the concerns about some of the policies the IMF has been pursuing. One cannot separate out stabilisation and growth policies but to too large an extent the IMF has been trying to do that.

Finally, we have learned that growth does not necessarily reduce poverty. Trickle-down economics does not work and some policies intended to promote growth may actually increase poverty. I'll give you some examples later on but the most obvious example of trickle-down economics not working is the United States where we've had growth in the United States over the last 6 years. Not as high as it was in the 90's but we've had growth, but poverty has increased. Even worse, median income in the United States has been falling. Most Americans today are poorer now than they were 6 years ago, and significantly so. A lot of people in Europe say 'Look at how well the United States economy is doing'. Most Americans do not know that, most Americans are poorer today than they were 6 years ago.

The implication is we have to have 'pro-poor' growth and we have to design stabilisation policies in ways to promote growth and reduce policies. It is important to realise that the losses in output and welfare of macroeconomic failures are of an order of magnitude greater than those associated with most of the micro-inefficiencies. One of the major objectives of economic research in the last 50 years has been to try to understand why there are macro instabilities and to understand the market imperfections that lie underneath them. Market imperfections, particularly the absence of insurance markets, means that the welfare costs of instability are substantially greater than the loss of output. So this is the point I made before. There is a role for government to improve on the market. When you think about government interventions

you have to evaluate the effect of any policy reform on the risk properties of the economic system, the exposure to risk, the ability to counter-respond to shocks, and how individuals and firms within society cope with these risks.

I said before that one of my concerns is that not only has the IMF not done this kind of risk analysis but it has actually promoted policies that have increased instability. Most markedly, this has been seen with Capital Market Liberalisation. Capital Market Liberalisation is opening up markets to movements in short term speculative capital. The IMF tried to change its charter 10 years ago, in 1997. At the time, I was Chief Economist at the World Bank and I asked, as an academic, an obvious question: 'What is the evidence that this is going to increase growth?'. The answer I got is: 'We do not need evidence, we know it is true, it is a matter of religion, it is a matter of ideology, it is just obviously true.'

The word liberalisation almost conveys what is the issue here. How can you be against free markets, you know freedom is a good thing? Well the answer is that capital market liberalisation, in fact, exposes an economy to more shocks. Research at the World Bank had actually shown that countries that had liberalised, particularly those who were liberalised very rapidly, had a higher probability of having an economic downturn. So it was not leading to more stability.

The interesting thing is that while I complained and argued this eventually it had some effect. The IMF, got around several years later, after the East-Asia crisis, after the Russian crisis, after the Latin-American crisis. The IMF said maybe we ought to do some research on this, maybe it is not quite as good as we thought and they finally got around to doing a study by Ken Rogoff and a couple of his co-authors. Ken Rogoff was the Chief Economist in the IMF and lo and behold, I have to give them credit for this, the results were the only results they could have got which was that there was no evidence that capital market liberalisation leads to faster economic growth. They were surprised that it did not lead to more stability either.

From the point of view of, why should you expect capital market liberalisation to lead to more growth? It is obvious why you should not expect it to lead to more growth. You cannot build factories on the basis of money that can come in and out of a country overnight. This money was not leading to more factories, more jobs or more growth but it was leading to more instability and more instability increases the risk premium and discourages

investment. It was actually predictable that it did not have these effects that they had said.

What is very interesting and very telling about their study is that they said this is a puzzle to us. It is against economic theory. The reason why I emphasise this is they were so convinced that it was against economic theory that they kept saying that this was against economic theory. It was against a particular economic theory, an economic theory that believes that there is perfect information, perfect markets, perfect risk markets, perfect competition. But that is not an economic theory that is true for any country. It is not true for advanced industrial countries but it is particularly not true for developing countries.

Also, there is one other assumption. The other assumption in their model was that people lived infinitely long and I haven't met any Methuselah, so far. So the models they use actually have people living infinitely. What I have shown is that actually if you keep all of their assumptions and just assume that people live for a finite length of time then capital market liberalisation could lead to more instability. But you also introduce the imperfections of information in markets. It is obvious that capital market liberalisation can lead to more instability. In fact capital flows, in the context of Latin-America, have been procyclical. That means that money comes into a country when things are good and leaves countries when things are bad.

The basic principle of banking is that you do not lend money to people who need it. You have to lend money to people who do not need it. Which means that when things are good you lend them money, when things are bad you ask for the money back. The evidence for most developing countries is that capital closure exacerbates economic fluctuations. The IMF actually made things worse. They pushed capital market liberalisation and that contributed to the volatility of the crisis.

Another example is that they have been pushing countries to rely on VAT. The VAT is not a progressive tax system. Automatic stabilisers like progressive income taxation and unemployment insurance to help the economy to respond to shock and at the same promote greater equality and reduce poverty. Their own lending policies have been procyclical. When Argentina had a problem in 2000/2001 they demanded money back rather than giving it money. They again were a pivotal factor in precipitating the crisis.

Another example is they have encouraged governments, countries to have a heavy reliance on capital adequacy standards with limited forbearance. There is a good economic theory behind it but that particular policy actually also is an automatic destabiliser because what happens is when an economy goes into a downturn the defaults increase. Bank capital goes down and if you have strong capital equity requirements without forbearance what you do is that you force the banks to reduce their lending and that disaster breaks the economic downturn.

I could go on but the basic picture I want to present is that actually the IMF have pushed a set of policies which has increased economic volatility when their mandate was to engage in a set of policies that reduced economic volatility and risk.

There is a good reason for the creation of the IMF and it goes back to the point that I made in the beginning. As we become more interdependent there is a need for collective action. Maintaining global economic stability is a global public good requiring global collective action. There are important externalities for each country to maintain its economy at full employment. That was the idea that Keynes had behind the creation of the IMF. He was the intellectual Godfather of the IMF. His view was that what made the Great Depression so bad was that as one economy went down it reduced its demand for goods from other countries and that reduced the output of the other countries and that spread around the world. Part of the idea of the creation of the IMF was to provide the funding and the pressure on governments to maintain full employment because of this interlinkage.

But Keynes himself was worried about whether the IMF would be captured by financial markets who had a different agenda. And that is what in fact happened. Now creating the IMF, its failure to deal effectively with crisis and worse still, its policies both contributed to the creation of the crisis and made the crisis worse, it failed to manage well the transition from communism to the market economy, in fact the transition was marked in many countries by declining GDP, increasing poverty, increased instability, decline in life expectancy, and weak democracy. The economics was in marked contrast with China and Vietnam.

There were failures in development. The structure adjustment programmes were widely viewed as failures, a conditionality undermined democracy and again stands in contrast with the successes in East-Asia which often followed policies that were

contrary to the IMF.

Even Chile followed policies that differed markedly. Chile is often given as the success of what is called the Washington consensus policies, the policies that the IMF, the World Bank pushed. I was in Chile a few years ago and I asked the President Lagos what he attributed the success of Chile. He said it is because we have not followed the Washington consensus. We didn't liberalise our capital market, we had capital controls. Yes, we have free trade, we are a small economy and trade openness was a good thing for our economy. We had macrostability. That was very important. But in fact the entire debt of Chile was a result of financial market liberalisation that was done under the sponsorship of Milton Freedman in the early days of the Pinochet regime. And they are still paying back the debt from that failed experiment.

They did not fully privatise. They privatised about half the coppermines but the coppermines that were not privatised are just as efficient as the ones that were. But the public coppermines give ten times the amount of revenue that the privatised ones do to the government for a whole variety of social objectives.

Most importantly, issues of equity, social programmes were not on the Washington consensus, they were very much on the social democratic platform of the post Pinochet government in Chile. And, it so far has failed to deal with the problems of the global imbalance with posing risks of disorderly adjustment.

The IMF has not done what it should have done, it has expanded its mandate into new areas and it has not dealt with problems of global stability, credit flow to developing countries, risk flows and the problems of bankruptcy. This is called the problem of sovereign-debt restructuring.

What happens when a country like Argentina can't pay its debt? It is important that there will be an orderly process. It has not been successful in dealing with it. That again is because of the veto of its voting structure.

I think I maybe, hopefully, convinced you that there are some problems with the IMF.

What I wanted to do now is to try to spend a minute talking about the diagnosis and then the reforms.

The diagnosis is there is a problem with

governance. Allocating voting rights, the fact that a single country has the veto power, the fact that you do not need to get a majority of votes to build a consensus, a coalition - most democracies know how important coalition building is. You don't need to build a coalition between the developed and the developing countries in the IMF because the developed countries with a few phonecalls can get within 10 countries a majority vote. So you don't even need to talk to the developing countries. So they are not participating in the effective decision making.

40 of the African countries together have about 4 % of the votes. So why spend any time trying to get them to join in, to participate in what is the decision.

It is a problem not only of allocating voting rights, the fact the US is the only country with a veto power. There is a problem who represents each country. Jokingly I say that there is a wide spectrum of opinions in the IMF that goes all the way from the views of the Finance Minister to the views of the Central Bank. The point is that it is concentrated within, putting the spectrum in a very narrow area

Very interestingly, I saw in the difference between the way the IMF worked and the way the World Bank worked. In the World Bank there were often the Aid Ministers and the Finance Ministers. In most governments the Aid Ministers tend to be the most left, no matter whether it is a right-wing government or a left-wing government. The Aid Minister is at the left of that political spectrum and the Finance Minister is always to the right of whatever political spectrum you had. So at least we had a broad spectrum of debate. The problem is that the IMF doesn't have that broad spectrum.

There was one instance where the President asked me about something he had read about in the newspaper, what was going on at the IMF and why they were doing it. He probably didn't fully understand. It was probably his own Secretary Treasury that was telling them to do it. The IMF is too important to consult the President on. These are the kind of things that you don't bother to discuss because you view them as too technical.

One of the fundamental problems is how the senior officers are chosen. That problem is highlighted even more. In the case of the IMF it is always an European, Europe gets together and chooses. In the case of the World Bank, it is always an American. At least in the case of Europe, where they are choosing the IMF, they have to discuss it, so there is some openness and transparency within a limited circle.

In the case of the choice of the World Bank that was kept very close till the last minute. And it was somebody, who as you know, whose track record is the least questioned in many quarters. I won't say anything more about that.

The fact is that the process by which the head is chosen is undemocratic, you don't ask who is the most qualified person for the job. He doesn't even have to have any experience in the problems they are dealing with. It is a political appointment. It would be like having a car company headed by someone who had never even seen an automobile.

It undermines the legitimacy of the IMF and the World Bank. That is particularly important because one of the issues that has been risen at the top of the political agenda is governance in developing countries.

People always say what about the problem of governance? But how can the World Bank and IMF be effective in criticising other governance when their own governance is so illegitimate? And it has a whole set of consequences.

I talked before about the problems of how you deal with the default of a sovereign-debt restructuring mechanism.

IMF staff thought it was important to do something about it, most of the people in IMF thought it was important. One country who thought it was not something we should do anything about was the US and it vetoed efforts to do anything about that. There is a long list of examples.

I could go on but the point is that this problem in voting rights and how the senior officers are chosen undermines the effectiveness of the institution.

Finally, there is a problem of accountability. To whom are they accountable? This is related to this problem of what I call 'conduct'. Because they are so removed from direct political accountability you would have thought that they would be particularly sensitive about transparency. So we should at least know what is going on. But in fact they are less transparent than most of our democracies. Now, some countries, like Belgium have imposed strict requirements on their Executive Directors, from what I gather, to get reporting of what goes on.

The United States has a Freedom of Information Act, the citizen's right to know about what the government is doing. But we can't find out what

our representative at the IMF and the World Bank are doing, how they are voting.

There is one case that I talked about in my previous book where the US Congress said that we want our representative at the World Bank and the IMF to vote against something called 'cost recovery'. Cost recovery is a euphemism for saying the poorest children in the world have to pay for going to primary school. The US Congress said that this was not acceptable and there should be free education.

The USED voted the opposite direction to what Congress told them and no one knew it because it is not public. The only thing is what happened eventually is that these institutions, as you know democracies, leak and eventually the information got out. Congress got very angry about what had happened.

While there is a lot of discussion about transparency, too often transparency means a better website. That is not what transparency means. Transparency means knowing about what decisions are on the table, having a broader participation in the decision, having information about the models being used, what the predictions are and holding people accountable.

Another example that most democracies are very strong about is conflict of interest rules. One of the most important conflict of interest rules is what we call 'revolving doors'. You don't want somebody who is responsible for procurement in the military to leave the military and go to work for the guy who was selling to the military. Because you worry that if he gave Boeing a good contract and he leaves and gets a good job at Boeing there might have been some bad behaviour. We know instances in which this has actually happened. So most countries have what they call restrictions on 'revolving doors'.

But what happens at the IMF is that people who are responsible for bailouts, of helping the banks, that have problems in getting them bailed out, get jobs at the same banks after they leave the institution, clearly creating appearances of conflicts of interest even if it never crossed their mind of an incentive. Economists worry about incentives but even if there were not bad behaviour it undermines the legitimacy and the effectiveness of the institutions.

There is also a problem with the models. I already gave you the example of capital market liberalisation. There is an organisational problem. The failure to learn from the failures which itself is

explicable in terms of governance.

And finally, as I say the effectiveness is impaired by the lack of political legitimacy in the run of models.

So what are some of the reforms? Well, reforms include changes in voting. There were some changes in Singapore but these were too small to make a difference. Some of the proposals on the table would actually make things worse. One of the ways to address this problem is 'double-majority', you have to get say majority of votes allocated by shares but also by countries. I think there are a number of different proposals but some version of this, I think, would move in the right direction. You need to end the veto power of the US.

Effective voting requires knowledge, which means that you have to have an independent think-tank for the developing countries.

There has to be reform of procedures, more transparency, more accountability, rules to avoid conflicts of interest.

One of the important areas in which there has been some reform, but not enough, is in the area of conditionality. Conditionality is that you say you only get aid if you satisfy certain conditions. Research at the World Bank shows that such conditionality is not effective. You can't buy good policies and often is counterproductive because of the way conditionality is imposed. And it also undermines democracy.

There is a general consensus that conditionality has been reduced, but not enough. The real danger is that today conditionality is being introduced, increased through a backdoor in the allocation formula that are less transparent.

There is a set of formula that are being used for allocating, this is more for the World Bank, but for allocating idle money, allocating concessionary development money for loans for the poorest countries. There is a formula that says who gets the most money. It is based on certain governance indicators. Countries that are good in those get more money.

One of the ironies was that they didn't make these transparent. While transparency is a measure of good governance, the World Bank did not make these measures of governance transparent. When they finally made them transparent and allowed people to see what they were doing, it turns out that they were very subjective and are not a particularly good predictor of good performance

and are highly volatile.

The good thing is now that they finally made them apparent. We can begin to have a debate about that issue but it is introducing conditionality into the back door so that a good governance measure, in their mind, would be something like whether you privatised. So they are building in to what they view of good governance, a particular view of the world and that seems to me to be a mistake.

Another set of reforms is what I call 'Delinkage' with much of Aid-debt relief dependent on the IMF. It gives the IMF an enormous amount of power.

And finally, one of the important activities that the IMF is engaged in is called surveillance. But it focuses too often on inflation or too much on inflation rather than the broader agenda that I talked about in the beginning which is stability with growth, including a focus on unemployment, decent work, the broader agenda that the ILO has been focussing on.

A key reform, that almost every review group has emphasised but has not yet had an effect is that the IMF should be turned to its central mission which is focussing on global stability and risk, global financial imbalances, access to credit and risk sharing and out of the business that it has been engaged in which is Aid.

I don't have time to talk about this but in my book I try to analyse what is the underlying source of the problems in the global financial system. Why is it that there is so much instability? One of the reasons has to do with the dollar base global reserve system. What I argue there is that that system inherently is unstable, inequitable and has a deflationary bias. Basically, every year hundreds of billions of dollars are being effectively buried in the ground, purchasing power that is being set aside in reserves. Why are so many countries putting aside money in reserves? They worry about a downturn. Why do they worry about a downturn? The IMF is supposed to be there in case of a downturn. But they know what will happen if the IMF comes there, they are going to be worse off. So, the IMF, has been rather than a good insurance policy, a motivator for people self-insuring and it is riving the accumulation of these reserves.

But, what does it mean when developing countries hold most of their reserves in dollars, increasingly in euros because the dollar is a declining currency? What are they doing when they are doing it? They are borrowing form advanced

industrial countries and they are lending to advanced industrial countries. If a poor country borrows from the United States, it pays 15-20 % when it borrows from an American bank. When it lends to the United States, it lends to the United States in the reserves it gets 1 %, 2 %, now it gets 5 %. So when it borrows it pays much higher interest rates than when it lends. In my book I calculate the amount of foreign aid that the developing countries are giving the United States. The amount of foreign aid that the developing countries are giving the United States is greater than the amount of foreign aid that the United States is giving the developing countries. It is part of this perverse flow of money uphill from the poor countries to the rich. Of course the US Treasury likes this system, but it is a system that is neither stable nor equitable and it is not good for the global economy.

There is a very simple proposal, which is an annual issue of global green bonds or SDR's. There has been on the table a proposal for issuing SDR's but the US has vetoed it as another example of where the IMF governance structure is a problem. If you have this annual mission in amounts equal to the amount of additions of reserves it would not be inflationary. It would just undo the deflationary bias of the current system and the allocation could be done in ways, which promote global equity and help finance goods.

At the very least, there is a worry that the current global reserve system is not working well, is contributing to high levels of exchange rate volatility.

This volatility has adverse effects on the global economic systems and is at the foundations of a global imbalance system which had been persistent.

Let me conclude. The international economic institutions play a key role in our interconnected world. Europe has a vital role to play in revitalising these institutions and it is in its interest to do so.

I'll illustrate this with an issue. Global imbalances are very much in the centre of the debate today. Europe is not contributing to the global imbalances but Europe will pay the price when there is a disorderly unwinding of those global imbalances.

It is important for a variety of reasons, ethical reasons and self-interest, for Europe to take a more active, a strong role in the reform of the IMF and in the international institutions more broadly.

Right now is a very critical juncture, the IEDA money is up for replenishment. There are real questions about the conduct and performance of the World Bank, whether it is pushing an agenda that is consistent with a broader set of concerns.

It seems to me that there is an important role for Europe's voice to be heard. There is a diversity of views in Europe, just as there is a diversity of views in Belgium. The issue here is that unfortunately within the IMF and the World Bank that diversity is not being represented.

A particular set of views, which I call 'American Style Capitalism', but it is not even American style capitalism, it is a version of capitalism that has been rejected in America, more extreme than would ever be acceptable in America, is being hoisted on many of the developing countries.

And that voice of diversity, of democracy, needs to be heard from Europe, it is not going to be heard from America at least for the next two years and that is why it is particularly important for this voice to be heard now.

**Président Pierre Galand:** Nous avons annoncé au préalable que les collègues parlementaires pourraient d'abord poser leurs questions.

**01.04 Zoé Genot (ECOLO):** Monsieur le président, beaucoup de citoyens pensent qu'on aide trop le Sud, qu'on lui donne trop d'argent, alors que, dans les faits, le flux va du Sud vers le Nord. Comment pouvez-vous expliquer ce flux inverse du Sud vers le Nord? Quels exemples pouvez-vous utiliser pour faire comprendre ce phénomène aux citoyens car on ressent souvent beaucoup de scepticisme?

**01.05 Jean Cornil (PS):** Monsieur Stiglitz, ce qui m'a frappé dans votre exposé, c'est évidemment la vision tout à fait progressiste que vous avez sur la répartition des richesses dans le monde. Mais il n'y a aucune réflexion – pardonnez-moi le caractère peut-être caricatural de mon intervention – sur la nature même de la croissance, au moment où de nombreux économistes, encore sans doute marginaux, mais qui commencent à prendre une certaine ampleur, s'interrogent à ce propos. En effet, on parle maintenant de décroissance, de croissance 12, de A croissance. Je voulais avoir votre point de vue à ce sujet. La croissance est-elle la solution du développement infini des ressources économiques aussi bien équilibrées soient-elles entre les différents peuples de la terre face au caractère fini des ressources de la terre?

**01.06 Jean-Marc Nollet (ECOLO):** Monsieur Stiglitz, je tiens à revenir sur un point que vous avez mis en avant dans votre intervention: l'importance et les conséquences subséquentes de la volatilité des capitaux qui arrivent un jour et repartent le lendemain. De fait, on ne peut pas construire une économie sur ce genre d'apports de capitaux.

Je souhaiterais vous interroger davantage sur le rôle des fonds de pension, notamment en lien avec cette volatilité des capitaux, et sur le rôle des États pour trouver les solutions pour stabiliser davantage ce jeu des capitaux. Il est clair qu'il y a une nécessité mais elle est paradoxale par rapport à l'impact réel que ces capitaux volatiles peuvent avoir sur l'économie des différents pays.

**01.07 Jihane Annane (MR):** Je tiens tout d'abord à m'excuser de ne pas avoir assisté à l'ensemble de l'exposé. La séance publique ayant commencé, je devais développer une interpellation.

J'ignore si vous avez abordé la question du réchauffement climatique. Pendant de nombreuses années, vous vous êtes intéressé aux imperfections du marché, aux raisons pour lesquelles les marchés ne fonctionnent pas aussi parfaitement que certains modèles économiques le prétendent, et à toutes les questions fondées sur le simple postulat de la concurrence et de l'information parfaite.

Ma question a plus trait à ce simple postulat de la concurrence et au réchauffement climatique. Tout en sachant que le réchauffement climatique est aujourd'hui une donnée acceptée par tous et que la volonté d'agir est affichée par tous les États, on peut encore douter qu'elle se traduise par des mesures fortes.

En effet, à la suite de mesures restreignant l'émission de CO<sub>2</sub>, certaines industries pourraient connaître des coûts supplémentaires qui les désavantageraient par rapport aux entreprises localisées dans des pays moins regardants sur cette question. Il y a donc là un véritable risque pour les économies des pays qui entament une action contre le réchauffement climatique. Quelle solution permettrait-elle d'éviter une distorsion de la concurrence et ainsi lever une des barrières principales à l'action contre le réchauffement climatique?

**Pierre Galand, président:** Madame Annane, je vous remercie. D'autres parlementaires souhaitent-ils encore intervenir? Non. Dans ce cas,

je donne la parole à M. Stiglitz. Ensuite, nous passerons aux questions du Comité ONG-société civile.

**01.08 Professor Joseph Stiglitz:** The first question was 'How do I illustrate the case about the round robin, that you may have a trade deficit but the money comes back. In the case of the United States it is probably easier than in any other because we have a huge trade deficit with China. But China also is the major source of capital back to the United States. And this is brought home very clearly when people start talking about what will happen if China appreciates its exchange rate. Well what will happen is that it is not as if we are going to be able to start making textiles.

What we will do is that we will start buying the textiles from some other country like Cambodia or Bangladesh and then they realise that actually Cambodia and Bangladesh are less likely to put their money back into the United States and they realise how important China is in funding the United States deficits. Of course, we ought to be doing something about our deficits. But the fact is that this is part of the nature of the interdependent world that we have and one of the reasons why Congress keeps talking about doing something about the Bilateral Trade Deficit. It probably won't because it knows that it is too important for financing our deficits.

There were two questions dealing with environmental issues. What I have argued very strongly is that GDP is not a good measure of economic well-being and there is a whole variety of reasons why that is true. But among the reasons is it doesn't measure either the depletion of natural resources or the degradation of the environment.

There are measures that many of us worked on called Green GDP that tried to bring into account this degradation of the environment or the depletion of natural resources.

There are other problems, I mentioned before that GDP can go up but most citizens can be worse off, and that is what has been happening in the United States. That is not good growth either.

One needs to look at a broader measure of well-being than just GDP. The UNDP tries to do this through a measure of the human development indicator. Just one example. Whereas the United States is at the top of the list in GDP per capita it is at about Number 10 in the list of human development indicators, life expectancy is lower than in many European countries but there needs to be more work done on this.

But the other question phrased is 'Can we continue to grow given the environmental resource constraints'?

I think the answer to that is it depends on whether we figure out ways of economising on resources. And we can grow if we have enough innovation that allows us to economise in the use of resources. The real problem is we cannot grow, if China, India, other developing countries aspire to the level of consumption of material goods that we have. The world can't survive, that is clear.

And so, you might say, there has to be a change in the economic model. In China they are beginning to talk about this much more focused because they realise they have a billion people and the consequences to the environment are being felt there already and they realise they cannot continue to grow unless they really start economising in environmental resources. They have to change the structure of their cities, they have to do a whole set of things.

The one area though, where incentives are particularly bad is the area of global warming because that's a global environmental issue.

China could be a perfect citizen but the US continues to emit greenhouse gases at the rate at which it was, there will still continue to be global warming.

It is a quite essential, it is a key example of an area where there needs to be global collective action.

The problem needs to be done, as it was pointed out, at a global level.

In my book, I have a chapter where I talk about this issue. I argue that the best way of probably approaching this is to impose a tax on emissions, that is to say you want to provide incentives for people not to emit. It makes so much more sense to tax bad things than good things. Currently we have a tax system that is based on taxing labour and savings. It makes so much more sense to tax pollution where you get two for one: you get a revenue and you discourage people from polluting.

Now the question is what about, you might call bad actors, countries that don't go along with the global agreement, does that give them a competitive advantage? The United States have said, at points, we can't afford to do anything about global warming, well that is absurd.

What they really mean is that they'll take advantage of everybody else doing something about it so they will have a competitive advantage. Europe should not allow this. What I argue in my

book is that there was a ruling of the WTO, which provides the basis on which Europe can take action. It is an interesting case because it was a case originally brought by the US.

The US imposed a tariff against shrimp from Thailand that were caught in nets that captured turtles, endangered species and turtles. It was called the Thai-Shrimp Turtle case. Thailand, of course said, this is not allowed under the WTO. The US and Thailand went to the WTO and in the appellee ruling they said it is permissible for countries to impose trade restrictions when there is a global environmental issue such as turtles.

I asked the judge, one of the judges in the case, I asked him do you realise what implications this has for global warming. He said yes, I do. It means, in other words, that if the US continues to pollute, Europe should impose a special tax against energy intensive, pollution intensive goods from the United States.

The Prime Minister in France has echoed this kind of notion that there ought to be a tax on goods that come from polluting countries. It can't be discriminatory, it has to be from any country that is engaged in bad behaviour. The WTO rules that you can't use this in a discriminatory way that was part of the ruling. It has to be against all countries. If you don't do that you could actually get worse pollution because the movement of goods to countries that don't have restrictions, they may be even more inefficient so the whole overall level of pollution could actually increase. So it is absolutely essential to attack this problem on a global level and it is important, I think, for Europe to take a strong action to make sure that the US, or any other country does not continue to be a free-rider on the system.

The final question is what about pension funds and short-term capital. One of the real problems in the global economy over the world is the short-term focus of firms. Financial markets are short term.

Managers respond to those short-term incentives, everybody focuses on the one quarter. Long-term is 6 months. Well, you can't have good long-term development strategies, long-term investment strategies on a horizon of 3 months, 6 months or even a year.

Capital moving in and out of firms exacerbates this problem. The interesting thing is that in the United States there is a group of institutions, the Universities with billions of dollars of endowment,

Harvard, Yale, Ameryst, Princeton, that have moved away from this model of short-term capital. They want to invest long-term. They put, not all their portfolio, but a substantial part of their portfolio with a long-term horizon and their returns have been consistently 5, 10 percentage points above the market.

In the year 2000, for instance, I am a trustee at Ameryst College, we got a 50 % return on our portfolio. Last year we got a 29 % return on our portfolio. It shows that if you are committed to long-term investments you can do better than the market.

Unfortunately short-term capital is having a negative effect on developing countries. Some people say capital market liberalisation is good because it provides discipline. But it is the wrong discipline, it encourages people to focus on the short-term, development strategies need a long-term focus and so your question was a very good one.

**Voorzitter Dirk Van der Maelen:** Ik ga dan nu over naar de niet-parlementsleden in de zaal.

**01.09 Jo Vervecken:** I am Jo Vervecken from the Belgian Socialist Trade Union. I have a very simple question. You have talked about the environmental limitations on China's growth but you have not talked about the social limits. Do you think that China will reach its social limits and when. I think that this should have a major impact on other countries as well? Thank you for your opinion on this.

**01.10 André Van Poeck:** I am from the University of Antwerpen. Do you think that a greater role or acceptance of the euro in international financial markets might solve some of the global imbalance problems that you mentioned and in what sense?

**01.11 Etienne De Belder:** I am from Oxfam and University of Brussels. Professor, you have dealt effectively with what is called the Washington consensus and you are very much acquainted with the post-Washington consensus. Now I wonder where is your stand, some people might say that it is old wines in new bottles and others say it is new wines in old bottles.

We are very pleased to hear that some of the points you mentioned and the way you dealt with the Washington consensus is very much part and parcel of the radical political economy. Is that what your new approach is nowadays, that you

approach the development issue as a process of conflict rather than a process of equilibrium and adjustment?

**01.12 Olivier Bonfond:** J'appartiens au Comité pour l'annulation de la dette du Tiers-monde. Monsieur, vous proposez toute une série de solutions pour améliorer le fonctionnement des institutions financières internationales, en particulier le FMI. Vous évoquez les procédures de vote, la transparence, etc. Mais, comme vous l'avouez, il est très peu probable que de véritables changements progressistes se présentent à court terme. On a l'impression que les discussions pourraient se poursuivre pendant de nombreuses années sur des changements très réduits. Pendant ce temps-là, les populations du Sud souffrent, meurent et voient leurs conditions de vie se dégrader. N'estimez-vous pas nécessaire de vous tourner vers d'autres alternatives plus radicales?

Que pensez-vous de la revendication portée par de nombreux mouvements sociaux du Nord et du Sud, suivant laquelle les gouvernements du Sud devraient arrêter de rembourser la dette, la répudier et rompre leurs relations avec la Banque Mondiale et le FMI? Je veux simplement rappeler que les arguments à ce sujet sont nombreux: cette dette odieuse et illégitime a été remboursée à de nombreuses reprises. Toute une série d'exemples attestent que la prise de décisions aussi courageuses par les gouvernements du Sud peut avoir des effets qui ne sont pas chaotiques, mais au contraire tout à fait positifs pour l'économie et les populations.

**01.13 Claire Mandouze:** Monsieur le président, j'appartiens à différentes fondations. Je souhaite aller dans le même sens que la question précédente. Aujourd'hui, la question de la dette est devenue tout à fait insupportable pour les pays en voie de développement, qui ont déjà remboursé environ sept fois cette dette et qui doivent continuer à la payer.

Certains pays du Sud, notamment les pays pétroliers, ont souhaité rembourser entièrement leur dette afin de ne plus avoir à supporter ce fardeau. Apparemment, le FMI n'était pas tout à fait favorable à cette proposition, car cela réduit considérablement ses ressources financières. Dans la perspective d'une annulation de la dette ou de la possibilité d'une annulation totale de la dette, le principal problème n'est-il pas le fait que le FMI lui-même n'aurait plus de ressources suffisantes pour jouer son rôle? Que pensez-vous de la possibilité de cette annulation de la dette par

rapport au rôle du FMI?

**Voorzitter Dirk Van der Maelen:** Er is nog één vraag. Daarna sluit ik af, want ik vrees dat als professor Stiglitz al die vragen heeft beantwoord, het ongeveer tijd zal zijn om te vertrekken.

**01.14 Arnaud Zacharie:** Monsieur le président, je travaille au Centre national de coopération au développement.

J'ai une double mais courte question. Elle concerne toutes les alternatives pour tenter de réformer le FMI, présentées par le professeur Stiglitz. Le problème politique majeur, comme il l'a répété à plusieurs reprises, consiste en ce droit de veto qui existe pour les États-Unis.

Premièrement, en tant qu'ancien conseiller de l'administration Clinton, M. Stiglitz pense-t-il que, si les démocrates arrivent au pouvoir, nous avons une chance de voir évoluer la réforme du FMI?

Deuxièmement, vous avez parlé beaucoup du FMI et pas du tout de la Banque Mondiale. Que pensez-vous du lancement de la Banque du Sud par des pays comme l'Argentine et le Venezuela, la semaine dernière, comme alternative à la Banque Mondiale?

**01.15 Professor Joseph Stiglitz:** On the first question of the social limits in China. One of the interesting things is that China has become very concerned about these issues. In their 11<sup>th</sup> 5-year plan that began last March they raised the issue of inequality in their society, particularly inequality in the rural sector but more broadly across their society as one of the major issues that they were going to focus on for the next five years. So, they have become very aware of this.

One manifestation of that is their encouragement of Unions in certain international firms, like Walmart.

The irony is that the US and the EU Chambers of Commerce have opposed the establishment of Unions in China and you have to wonder, anybody committed to creating a movement towards more democracy ought to be supporting the creation of these kinds of institutions in China.

The question about the euro becoming accepted as a currency, as a reserve currency. There are two remarks I want to make about this. Yes, it is going on, some estimates say that now about 25 % of the reserves are being held in the euro.

One of the problems is that if people are holding your currency in reserves, demanding it, what you're doing is you're exporting your T-bills rather

than your automobiles, that is to say. And the problem with that is that exporting T-bills doesn't generate jobs in the way that exporting automobiles does, to put it another way.

One of the problems of the United States is that because people have been holding US currency, exporting dollars for holding in reserves, the implications of that, the corresponding part of that, is that we have a trade deficit that is a negative impact on aggregate demand. In the United States there is no stability pact. In the United States the Central Bank has a mandate to focus on growth, employment and inflation. In Europe your hands are tied in two different ways. And the result of that is that if you increased your exports of T-bills rather than automobiles it will have a deflationary bias on the European economy which you won't as easily be able to make up for because of the ways in which your macroeconomic policy is tied.

So, from the European point of view, I think, it is something you should not want.

The other point is will it enhance global stability? Well, it has one advantage, it is a diversification. The present system has an accumulation of IOU's to the US government and as that increases, as Keynes and Triffin pointed out, confidence in that currency weakens and so the system is inherently unstable.

It is not clear that going to a two-currency reserve system is more stable. Because what happens is all of a sudden people start saying that the euro is better than the dollar as a reserve, they start moving out of the dollar into the euro, the dollar starts weakening, this reinforces the view that the dollar is weak, they move more out, the euro goes stronger, the dollar gets weaker. The system has an unstable dynamic. It's an idea that was once in another context called Gresham Law that it is very hard to have a system with two bases and that's why I call for a global reserve system rather than two-reserve system.

A third question is my general view about developmental strategy. I think that the policies – which were called adjustments, as if you needed a facelift or you needed a minor tweaking and then you would be repaired and ready to go on – were fundamentally wrong partly because the model of what they saw as a good economy was wrong.

Their model of the economy was very flawed. And so they were trying to have the economies adjust to a view of an economy that was wrong.

But more fundamentally, what I have argued is that development is a more complex transformation of society. It is not just tweaking one part of the economy. It is more

comprehensive and one has to approach it from that very comprehensive framework.

To give you one example, the models that the IMF and World Bank pushed, focused on what is called comparative advantage but it was very much of a static and comparative advantage.

Their view, in effect, in the advice in Korea 45 years ago was Korea had a comparative advantage, its relative strength was growing rice. Their view was Korea should stick with its strength, growing more rice. Korea's view was that even if we are very good rice farmers, we will still be poor. There is no country, or almost no country, that has become rich by growing rice.

So they said, contrary to the advice of everybody else, was we need an industrial policy, we need a policy that transforms our economy into an industrial and a learning, a knowledgeable economy invested in advanced education – the IMF and World Bank told them invest in primary education – and they succeeded. And there is a strong economic theory behind this.

So the problem with the IMF and World Bank policies was that they had the wrong economic model as well as forgetting the social and political dimensions of development transformation.

The question about debt forgiveness. I think it is clear that the repayment of debt has been a burden on many countries. I have argued, and in my book I talk about this, but I've argued before about the problem that is called 'oleostats'.

When Western countries lent money to Mobutu in the Congo they knew that that money was not going to be used to help development in Congo. That was not the purpose. The purpose of the money was to win allegiance of Congo, of Mobutu in the Cold War. It worked from that point of view, at least he didn't go to the other side but it leaves the Congo with a legacy of debt and that is an example of what I view of 'oleostat'. They should not have to repay that debt. There are a large number of examples of these kind of debts.

I think we need systematic procedures. Debts to South Africa to help support apartheid. Ethiopia where the money was used for arms to maintain the red terror of the Mengistu regime. And the irony is that the government was obligated to repay the money that was used to buy arms that were killing the people of the country. These are all examples of illegitimate debt and there is a clear case for not repaying those debts and it would serve as an important incentive device for lenders going forward, I think that that is even

more important than the past.

Lenders should be unnoticed, that if they lend to these kinds of dictators, where the money is not being used for the well-being of the country they are at risk of not being repaid and that would provide better incentives for lenders not to support governments like an apartheid regime in South Africa

Now the interesting example, Argentina is a very good example of, you might say what we have learned. Argentina did not repay its debts. After it defaulted it started to grow. When it was under the IMF structures it did not grow. Since then it has been growing at 8 % a year for 3 to 4 years now. Interestingly during all the years it was under IMF programmes it was not able to turn into a budget surplus. Once they got rid of the IMF they succeeded in balancing their books. They not only got growth, they got unemployment down and they got a better fiscal balance and that just highlights the problems with the IMF conditionality, the IMF policy advice.

My own preference – which again I describe – is for creating an orderly mechanism for restructuring debts and that mechanism would pay weight, if it's an 'oleostat' you don't pay at all. It would pay weight to the nature of the debt, the origin of the debt like a good bankruptcy court would. It would try to weigh the various kinds of considerations because obviously there is a real problem, you don't want people who could repay the debt to borrow money and not repay. That would weaken the whole credit market. You have to bear in mind that, although I think in general most countries would be better off not borrowing. I think there has been a little bit too much emphasis on the value of having access to credit, on average it is not clear what that access to credit, or what the magnitude of the benefits of that access to credit has brought. It has certainly brought a lot of problems.

The question about IMF raises a very fundamental problem with the IMF, which I didn't have time to talk about.

But the basic business model of the IMF is flawed because the IMF requires for its economic viability, crises. And so if you believe in incentives you would think that they would have an incentive to create a crisis in order to keep themselves in business.

And it's even worse than that because it has the peculiarity that about half the money of the IMF expenditures go to paying what you call basic

global public goods, collecting statistics, surveillance.

But who pays for the IMF, now the view of a lot of people is it is the advanced industrial countries but that is not true. The business model of the IMF is that most of the money comes from interest on the loans that it has outstanding. So it's the poor countries that are paying for the IMF, so it's the poor countries that are funding the global public goods that the IMF provides. It's not the right business model. It has the perverse incentives and it has real problems of equity.

The last question was do I think that there will be a change in the US policies towards the veto with a democratic administration. What I do know is true is that many of the democratic Congressmen, understand the problems that I have described, they are very sympathetic with these problems. Whether it would be possible to move them that one step further to say ok now that you understand it you have to understand the structural problems that give rise to the problems of illegitimacy and that means that you will have to give up your veto power.

Governments don't like to give up power, that is one of the iron laws of politics, people don't like to give up power but I think that in the interest of having an institution that is more effective and more in line with the objectives, the interests of not only the United States but the whole world they may be able to be persuaded that it is the right thing to do.

Finally, on the issue of the Southern Bank. I am very strongly of the view of the value of competition and I think that competition in the marketplace for ideas is also important.

The creation of the Southern Bank as a vehicle for funding with different views on development can be an important contribution. Actually, interestingly, the Asian development bank had also promoted this vision of competitive pluralism, that we ought not to have a single view about development. We ought to provide developing countries with a range of experiences, a range of views that reflect the complexity of our own democracies and experiences the fact that development is complex and if there were an easy answer there would be agreement. The fact is it is complex. Although I do think that ideology has played a more important role than it should.

I think that creating new sources of finance with different visions of development can be an important step in opening up the range of views that are debated in development. I think that would not only have a positive effect on development but

also on the strength in democracy in these developing countries.

**Voorzitter Dirk Van der Maelen:** I have to thank Professor Stiglitz. We just got a message that due to traffic problems it is better that he leaves a little bit earlier than 16:15. So we got Professor Stiglitz in the house from 12:30 on. Until now he has been obliged to answer questions and so on, so we will give you a break of 5 minutes and then we will take you in a car to the airport.

Once again thank you very much for assisting this meeting and we all enjoyed it.

*De openbare commissievergadering wordt gesloten om 16.04 uur.*

*La réunion publique de commission est levée à 16.04 heures.*