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## Chile: Where Poverty and Virtue Don't

If poverty and virtue coincided everywhere, no one concerned about development would have moral problems deciding where to make loans or grants to raise up the poor. But poverty and virtue are often strangers, and virtue is open to diverse and contrary readings, and so it can be a devil of a problem to decide where development—itsself a diverse and contrary phenomenon—should proceed.

Take Chile, a country populated by good souls (as good as any, anyway) and governed these days by thugs. It had asked the World Bank for a \$33 million loan (at 8.5 per cent interest) to modernize its copper industry.

European members of the Bank—all lenders not borrowers, all more or less democratic countries with demanding political lefts, all outraged by the junta's political repressions—refused to support the loan.

But the United States, a patron of the Chilean elements that overthrew the

previous Allende government, backed the loan. So did virtually all of the Bank's Third World members, including Chile's fellow Latins—no anti-U.S. bloc voting here. As borrowers and as governments with plenty of black spots of their own, they could not afford the luxury of declaring that interior moral and political fitness is the appropriate test for international development loans.

The loan went through.

It's a hard question but not an overwhelming one. The countries which voted for the loan—it's beside the point to blame "the Bank," which only puts the question to the member countries—were right to do so. Because the issue is such a sensitive and recurring one, it seems to be worth laying out way.

The basic reason, I think, is that there must be one place in the world where overt political considerations do not control which poor countries are to have a chance to make it. That place is the World Bank,

plus its regional cousins, of which the Inter-American Development Bank is the most important.

Every country in the world in a position to do so runs a political slush fund, usually known as a bilateral aid program, in which goodies are offered or withheld according to the tastes of the donor. In this country, there is a continuing debate about how explicit we ought to be in administering this slush fund. The Congress has come increasingly to the view that the economic part of it, if not the military part, should relate more to the recipient's development than to the donor's diplomacy. But a slush fund it largely remains. This doesn't particularly bother me. It can be useful. In any event, public and congressional frustration has tended to shrink its size.

The international development banks, however, are another matter. Though at their birth a generation ago they were U.S. instruments, time, bureaucratic momentum and an altered political

FRIDAY, FEBRUARY 13, 1976

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climate have equipped them much better to serve their clients' economic needs. If it was hyperbole for the World Bank to say in its charter in 1946 that "Only economic considerations shall be relevant..." it is—or darned well ought to be—reality now.

Indeed, it was only a few years back that many American critics of bilateral aid were touting the international agencies as better for donors and recipients alike, as the way to take politics out of development. I am aware that the World Bank's stated loan criterion of "creditworthiness" is vulnerable to the charge, and perhaps sometimes the act, of political tampering. But I think that governments or individuals wishing to inject the politics of their choice into one bank decision must recognize they are making it more possible and likely for others to inject their politics into the next decision. If that is the way things go, why have an international bank?

This standard imposes some heavy burdens. It requires those whose priority in Chile is human rights to seek other ways to embarrass, punish or "destabilize" the junta. They could, and do, work to end all American military aid to Santiago, for instance. There may be reason to hope that economic aid will trickle down, even economic aid to a junta. There is no reason to provide arms to thugs.

Governments have a parallel responsibility. The United States is currently in the prim hands-folded posture of saying regarding Chile: Mercy, no, we wouldn't dream of politicizing development. But, of course, Washington relentlessly politicized development while a left-leaning government ran Chile in 1970-73, applying its influence to strangle Allende. This was a far graver blow to the idea of non-political development than the challenges to aid to the junta now being made. A double standard is intolerable and the United States ought to put an end to it.