



BCTF/CIDA Global Classroom Initiative 2005

THE INTERNATIONAL MONETARY FUND (IMF), THE WORLD BANK AND THE WORLD TRADE ORGANIZATION (WTO): A help or a hindrance to developing countries?

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Subject: Social studies

Grade: 11

Lesson title: The IMF, the World Bank, and the WTO: A help or a hindrance to developing countries?

Brief overview:

Using examples of IMF, World Bank and WTO practices, pose the following critical question: Do the interventions of the International Monetary Fund, the World Bank, and the World Trade Organization help or hinder the overall health of developing countries?

CIDA development themes:

- basic human needs
 - primary healthcare
 - water and sanitation
 - agriculture and rural development
- infrastructure
 - development of environmentally sound infrastructure
 - reliable electric and telephone utilities
 - health, economic development, and quality of life

Learning outcomes:

It is expected that students will:

- demonstrate awareness of disparities in the distribution of wealth in Canada and the world
- explain how political spheres of influence have changed throughout the world during the 20th century

Time required: Four 60 to 70 minute class sessions

Required reference materials and/or equipment:

- teacher lecturette, *Overview Notes: The IMF, the World Bank and the WTO* (see end of document)
 - reference book: *Rethinking Globalization: Teaching for Justice in an Unjust World*, Bigelow, Bill & Peterson, Bob (Eds.), Rethinking Schools Press, Wisconsin, 2002. This book can be ordered online—<http://www.rethinkingschools.org/publication/rg/>. It is also available through BCTF Lesson Aids—www.bctf.ca/lessonaids. Specific sections include:
 - Ten Benefits of the WTO System (p.100–102)
 - Ten Arguments against the World Trade Organization (p.105–107)
 - access to computers and internet websites:
 - International Monetary Fund, *Getting a member country's economy back on track*—<http://www.imf.org/external/np/exr/center/action/eng/index.htm>
 - World Bank web page (to get their perspective on their role)—<http://www.worldbank.org/>
 - International Forum on Globalization—<http://www.ifg.org/>
 Some interesting articles:
 Look for *Analysis of Current Issues under Globalization and Empire Building*. From there go to:
 - . *The Tragic Tale of the IMF in Zimbabwe*, or
 - . *Restructuring the Global Economy: Eradicating Bretton Woods and Creating New Institutions*
 - The WTO in action: Case studies—<http://www.rethinkingschools.org/publication/rg/RGWto.shtml>
 - A truckload of nonsense: The G8 plan to save Africa comes with conditions that make it little more than an extortion racket—<http://www.guardian.co.uk/comment/story/0,1505816,00.html>
- chart paper, marking pens, masking tape

Supplementary resources:

- Achbar, M & Simpson, B. (producers), & Abbott, J & Achbar, M. (directors). (2003). *The Corporation* [Motion Picture]. Canada: Big Picture Media Corporation. DVD—segment on the privatization of the water utility in Ecuador—<http://www.thecorporation.com/>
- Bigelow, B. (2002). Oil, rainforests, and indigenous cultures: A role-play on oil and the Huaorani Indians in the Ecuadorian rainforest. In B. Bigelow, B. & B. Peterson (Eds.) *Rethinking globalization: Teaching for justice in an unjust world* (p. 268–279). Wisconsin: Rethinking Schools Press.

Procedure:

Critical question: Do the interventions of the International Monetary Fund, the World Bank, and the World Trade Organization help or hinder the overall health of developing countries?

Session one: *Gathering information*

1. Introduce the class by asking what the students know about the International Monetary Fund, the World Bank, and the World Trade Organization. Give them one minute, working independently or in pairs, to put forward information about each of the organizations.

Present a brief overview of the International Monetary Fund, the World Bank, and the World Trade Organization, using the lecturette notes at the end of this document. You may wish to give the students a minute to correct errors or omissions in their brainstormed notes following your lecturette. (Have students use a different coloured pen to highlight new information.)

2. Divide the class into groups of four. Each group will need:
 - a facilitator (makes sure that work is completed in given time, that group is on task, and that all members contribute to group discussion and tasks)
 - a recorder (records key points of group discussions)
 - a reporter (reports group findings to class, using recorder's notes as a visual reference)
 - a checker (makes sure that all group members understand their tasks, the concepts discussed, and the group's conclusions)

For a concise overview of these and other useful group roles for co-operative learning, see the *Doing CL* web site—<http://www.wcer.wisc.edu/archive/cl1/CL/doingcl/grproles.htm>

3. Working in their small groups, students research and explore perspectives. Using information from the book *Rethinking Globalization* and the web sites identified, students:
 - list the stated objectives of the IMF, the World Bank, and the WTO and summarize the key arguments that the agencies make **in support** of their efforts
 - summarize key arguments made **in opposition** to those agencies

Research tasks are to be clearly articulated and fairly distributed among group members. Students assigned to research on the web will need access to computers in the classroom, the school library, or a computer lab. Alternatively, the research could be assigned as homework.

Sources supporting these agencies

- International Monetary Fund, *Getting a member country's economy back on track*—<http://www.imf.org/external/np/exr/center/action/eng/index.htm>
- the World Bank web page (to get its perspective on its role)—<http://www.worldbank.org/>
- Bigelow, B. (2002). Ten Benefits of the WTO System. In B. Bigelow, B. & B. Peterson (Eds) *Rethinking globalization: Teaching for justice in an unjust world* (pp. 100–102). Wisconsin: Rethinking Schools Press

Sources criticizing these agencies

- International Forum on Globalization—<http://www.ifg.org/>
Suggestion
 - Look for *Analysis of Current Issues* under *Globalization and Empire Building*.
 - From here, go to:
 - . *The Tragic Tale of the IMF in Zimbabwe* or
 - . *Restructuring the Global Economy: Eradicating Bretton Woods and Creating New Institutions*
- The WTO in Action: Case studies—<http://www.rethinkingschools.org/publication/rg/RGWto.shtml>

- Bigelow, B. (2002). Ten Arguments against the World Trade Organization. In Bigelow, B., & B. Peterson (Eds.), *Rethinking globalization: Teaching for justice in an unjust world* (p. 105–107). Wisconsin: Rethinking Schools Press.
- Monbiot, G (2005, June 14) A truckload of nonsense: The G8 plan to save Africa comes with conditions that make it little more than an extortion racket. In *The Guardian*—
<http://www.guardian.co.uk/comment/story/0,1505816,00.html>

Session two: Sharing the research findings

Student groups meet to share their research findings. Highlights of findings are charted by group recorders, preferably on large sheets of chart paper or newsprint that will then be convenient visual references for group reporters and the class as a whole.

Group reporters share the research findings of their groups with the class as a whole. Recorders' notes are taped to a display board or the chalkboard beside group reporters, to serve as a visual reference. Each reporter should lead a brief class discussion on her or his report, if time permits.

Session three: Summarizing the research; answering the critical question

1. Ask students to meet in their small groups.

Instructions to students

- Review your group roles. You may wish to rotate group roles (facilitator, reporter, recorder, and checker), so that each group member has a new set of responsibilities.
 - On chart paper, create a T-diagram with the title *IMF/World Bank/WTO— Help or Hindrance?*
 - Title one column *HELP* and the other *HINDRANCE*.
 - Think about what you have learned from your research. In what ways do the actions of the IMF, the World Bank, and the WTO positively or negatively affect the lives of people living in developing nations and their prospects for the future? List positive and negative aspects of the work of these agencies under the appropriate columns on your chart.
 - As a group, respond to the critical question, “Do the interventions of the International Monetary Fund, the World Bank, and the World Trade Organization help or hinder the overall health of developing countries?”
 - Consider the information you have noted on both columns of your T-diagram.
 - Make sure that the voice of each member of your group is heard and respected.
 - Try to achieve group consensus.
 - The group response and the reasons for it are to be recorded by the group recorder.
 - If the group is unable to reach consensus, a “minority report” should be written.
2. Group reporters share group findings with the class as a whole.
 3. Students independently select and complete one of the following two options:
 - Write a short composition explaining the conclusions you have come to about the IMF, World Bank, and WTO. (Are they a help or a hindrance to developing countries?) Be sure to clearly explain the reasons for your assessment of these agencies.
 - Present your conclusions about these agencies in a poster format with the title *IMF, World Bank, and WTO: Help or a Hindrance?*

Assessment strategies:

Together with students, develop a template with clear criteria for assessing the independent writing and poster projects.

Suggestions to extend the lesson:

Move from the academic to the experiential.

Participation in the role-play referenced below will increase students' understanding of an indigenous population burdened by an enormous debt to international banks and subjected to intensive exploitation by transnational oil companies. The simulation will develop students' sense of empathy with the people whose lives are dominated by these forces.

Bigelow, B. (2002). Oil, rainforests, and indigenous cultures: A role-play on oil and the Huaorani Indians in the Ecuadorian rainforest. In Bigelow, B., & B. Peterson (Eds.), *Rethinking globalization: Teaching for justice in an unjust world* (p. 268–279). Wisconsin: Rethinking Schools Press.

The role-play is well suited for inclusion as the third session of this lesson, preceding the final session in which students finally seek to answer the critical question, “Are the IMF, the World Bank, and the WTO a help or a hindrance to developing countries?”

The role-play lesson is beautifully prepared and clearly presented.

TEACHER LECTURETTE

Overview Notes: The IMF, the World Bank, and the WTO

1944: World War II is raging across Europe and the Pacific

In July, leaders from the U.S. and Britain convene a meeting in New Hampshire, to establish a multilateral institution that could enforce rules favoring the free movement of capital internationally (to ensure a liberal, capitalist world economy after the war).

Outcomes of the meeting include the formation of:

- The International Monetary Fund (IMF)

The stated purpose of the IMF is to:

- smooth world commerce by reducing foreign exchange restrictions
- establish a fund that could be tapped into by countries experiencing temporary balance-of-payments problems. Countries will access the fund during times of economic slowdown in order to continue trading without interruption.

- The World Bank

The function of this agency is to:

- promote post war development by offering loans for infrastructure projects (roads, utilities, etc.) because such projects are not profitable
- promote private foreign investment by means of guarantees made to investors

The unwritten goal of both the IMF and the World Bank is to integrate or bring countries into the capitalist world economy.

Critics of these agencies say that, in practice, they pave the way for large corporations to gain control of the markets and resources of developing countries. In so doing, they ensure the continued indebtedness of those countries.

1973: The debt crisis begins

- Oil prices quadruple, and billions of surplus dollars go to oil-producing countries.
- Those dollars (petrodollars) are deposited in western banks, which immediately want to lend them to developing countries.
- The dollars are borrowed by poor countries to pay for oil and large-scale projects.

Critics point out that there is little accountability for the way the money lent to recipient countries is spent; the borrowed dollars too often end up in the hands of the richest citizens, making them even richer while the poor are kept poor. Sometimes the funds are even used to keep military dictators in power.

1978: Interest rates rise in the U.S.

- Commodity prices fall (cocoa, coffee, bananas, and cotton)

1995: The World Trade Organization (WTO) is established.

The function of the WTO is to remove barriers to trade so that commercial interests can proceed.

- The agreement is among 125 original countries
- The number of participating countries expands to 144 by the year 2002
- The group operates out of Geneva, Switzerland
- It resembles a government structure, with executive, legislative, and judiciary branches
- It is powerful. It has the power to overturn laws, programs, and policies of its member nations

Critics say that the WTO takes away the sovereignty of the member countries.