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## World Bank Declares Itself Above the Law

By Pete Dolack  
March 24, 2017

The World Bank has for decades left a trail of human misery. Destruction of the environment, massive human rights abuses and mass displacement have been ignored in the name of “development” that works to intensify neoliberal inequality. In response to legal attempts to hold it to account, the World Bank has declared itself above the law.

At least one U.S. trial court has already agreed that the bank can’t be touched, and thus the latest lawsuit filed against it, attempting to obtain some measure of justice for displaced Honduran farmers, faces a steep challenge. Regardless of the ultimate outcome of legal proceedings, however, millions of people around the world have paid horrific prices for the relentless pursuit of profit.

A trail of evictions, displacements, gross human rights violations (including rape, murder and torture), widespread destruction of forests, financing of greenhouse-gas-belching fossil-fuel projects, and destruction of water and food sources has followed the World Bank.

The latest attempt at accountability is a lawsuit filed in the U.S. federal court in Washington by EarthRights International, a human rights and environmental non-governmental organization, charging that the World Bank has turned a blind eye to systematic abuses associated with palm-

oil plantations in Honduras that it has financed. The lawsuit, *Juana Doe v. International Finance Corporation*, alleges that

“Since the mid-1990s, the International Finance Corporation [a division of the World Bank] has invested millions of dollars in Honduran palm-oil companies owned by the late Miguel Facussé. Those companies — which exist today as Dinant — have been at the center of a decades-long and bloody land-grabbing campaign in the Bajo Aguán region of Honduras.

For nearly two decades, farmer cooperatives have challenged Dinant’s claims to sixteen palm-oil plantations ... that it has held in the Bajo Aguán region. On information and belief, Dinant’s former owner, Miguel Facussé, took that land from the farmer cooperatives through fraud, coercion, and actual or threatened violence. The farmer cooperatives have engaged in lawsuits, political advocacy, and peaceful protests to challenge Dinant’s control and use of the land. And Dinant has responded to such efforts with violence and aggression.”

### **Bank’s own staff cites failures**

EarthRights International alleges that the World Bank has “repeatedly and consistently provided critical funding to Dinant, knowing that Dinant was waging a campaign of violence, terror, and dispossession against farmers, and that their money would be used to aid the commission of gross human rights abuses.” The lawsuit filing cites “U.S. government sources” to allege that more than 100 farmers have been killed since 2009.

The suit also says that the International Finance Corporation’s own ombudsman said the World Bank division “failed to spot or deliberately ignored the serious social, political and human rights context.” These failures arose “from staff incentives ‘to overlook, fail to articulate, or even conceal potential environmental, social and conflict risk’ and ‘to get money out the door.’ ” Despite this internal report, the suit says, the World Bank continued to provide financing and that the ombudsman has “no authority to remedy abuses.”

(World Bank representatives did not respond to a request for comment. Although not directly a party to the lawsuit, Dinant describes the allegations as “absurd.” In a statement on its web site, the company said “All allegations that Dinant is — or ever has been — engaged in systematic violence against members of the community are without foundation.”)

EarthRights International’s lawsuit faces an uphill challenge due to an earlier suit filed by it on behalf of Indian farmers and fisherpeople being thrown out by the same court when it ruled that the World Bank is immune from legal challenge. The bank provided \$450 million for a power plant that the plaintiffs said degraded the environment and destroyed livelihoods. The court agreed with the World Bank’s contention that it has immunity under the International Organizations Immunities Act. (The dismissal has been appealed.)

The International Organizations Immunities Act provides that “International organizations, their property and their assets, wherever located, and by whomsoever held, shall enjoy the same immunity from suit and every form of judicial process as is enjoyed by foreign governments.”

The World Bank has been declared the equivalent of a sovereign state, and in this context is placed above any law as if it possesses diplomatic immunity.

This law is applied selectively; lawsuits against Cuba are not only allowed but consistently won by plaintiffs. These are not necessarily the strongest of cases, such as participants in the Bay of Pigs invasion winning judgments and a woman who was married to a Cuban who went back to Cuba winning \$27 million because the court found that her marriage made her a “victim of terrorism”!

### **More than 3 million people displaced**

Despite its immunity, a passport may not be needed to enter a World Bank office, but can it be argued that the lending organization uses its immense power wisely? That would be a very difficult case to make.

A 2015 report by the International Consortium of Investigative Journalists found that 3.4 million people were physically or economically displaced by projects funded by the World Bank. Land was taken, people were forced from their homes and their livelihoods damaged. Some of the other findings of the report, on which more than 50 journalists from 21 countries worked:

\*From 2009 to 2013, the World Bank pumped \$50 billion into projects graded the highest risk for “irreversible or unprecedented” social or environmental impacts — more than twice as much as the previous five-year span.

\*The bank regularly fails to live up to its own policies that purport to protect people harmed by projects it finances.

\*The World Bank and its International Finance Corporation lending arm have financed governments and companies accused of human rights violations such as rape, murder and torture. In some cases, they continued to bankroll these borrowers after evidence of abuses emerged.

\*Ethiopian authorities diverted millions of dollars from a World Bank-supported project to fund a violent campaign of mass evictions, according to former officials who carried out the forced resettlement program.

One of the articles that is a part of this investigative report said the bank routinely ignores its own rules that require detailed resettlement plans and that employees face strong pressure to approve big infrastructure projects. The report says:

“The World Bank often neglects to properly review projects ahead of time to make sure communities are protected, and frequently has no idea what happens to people after they are removed. In many cases, it has continued to do business with governments that have abused their citizens, sending a signal that borrowers have little to fear if they violate the bank’s rules, according to current and former bank employees.

‘There was often no intent on the part of the governments to comply — and there was often no intent on the part of the bank’s management to enforce,’ said Navin Rai, a former World Bank official who oversaw the bank’s protections for indigenous peoples from 2000 to 2012. ‘That was how the game was played.’ ...

Current and former bank employees say the work of enforcing these standards has often been undercut by internal pressures to win approval for big, splashy projects. Many bank managers, insiders say, define success by the number of deals they fund. They often push back against requirements that add complications and costs.”

### **Funding that facilitates global warming**

Incredibly, one of the outcomes of the Paris Climate Summit was for leaders of the G7 countries to issue a communiqué that they would seek to raise funds “from private investors, development finance institutions and multilateral development banks.” These leaders propose the World Bank be used to fight global warming despite it being a major contributor to projects that increase greenhouse-gas emissions, including providing billions of dollars to finance new coal plants around the world. The bank even had the monumental hypocrisy to issue a report in 2012 that called for slowing global warming while ignoring its own role.

It is hoped you, dear reader, won’t fall off your chair in shock, but the World Bank’s role in facilitating global warming has since only increased.

Financing projects that facilitate global warming had already been on the rise. A study prepared by the Institute for Policy Studies and four other organizations found that World Bank lending for coal, oil and gas reached \$3 billion in 2008 — a sixfold increase from 2004. In the same year, only \$476 million went toward renewable energy sources. Oil Change International (citing somewhat lower dollar figures) estimates that World Bank funding for fossil fuels doubled from 2011 to 2015.

Destructive logging projects across the Global South funded by the World Bank accelerated in the 1990s. Despite a January 2000 internal report finding that its lending practices had not curbed deforestation or reduced poverty, Southeast Asia saw a continuation of illegal logging and land concessions, and untimely deaths of local people blowing the whistle, as has Africa.

Similar to its report on curbing global warming that ignores its own role, the World Bank shamelessly issued a 2012 report calling for international law enforcement measures against illegal logging. Perhaps what is illegal are only those operations not funded by the bank?

### **Loans to pay debt create more debt, repeat**

Ideology plays a critical role here. International lending organizations, such as the World Bank and International Monetary Fund, consistently impose austerity. The IMF’s loans, earmarked for loans to governments to pay debts or stabilize currencies, always come with the same requirements to privatize public assets (which can be sold far below market value to multinational corporations waiting to pounce); cut social safety nets; drastically reduce the scope of

government services; eliminate regulations; and open economies wide to multi-national capital, even if that means the destruction of local industry and agriculture. This results in more debt, which then gives multi-national corporations and the IMF, which enforces those corporate interests, still more leverage to impose more control, including heightened ability to weaken environmental and labor laws.

The World Bank compliments this by funding massive infrastructure projects that tend to enormously profit deep-pocketed international investors but ignore the effects on local people and the environment.

The World Bank employs a large contingent of scientists and technicians, which give it a veneer of authority as it pursues a policy of relentless corporate plunder. Noting that the bank possesses “an enormous research and knowledge generation capacity,” The environmental and social-justice organization ASEED Europe reports:

“The World Bank is the institution with one of the largest research budgets globally and has no rival in the field of development economics. ... A number of researchers and scholars have questioned the reliability of the World Bank-commissioned research. Alice Amsdem, a top scholar on East Asian economies, argues that since the World Bank continually fails to scientifically prove its conclusions, its policy justifications are ‘quintessentially political and ideological.’ Regarding the World Development Report (WDR) series, for example, Nicholas Stern, an Oxford professor in economics and former World Bank chief economist says that many of the numbers used by the Bank come from highly dubious sources, or have been constructed in ways which leaves one sceptical as to whether they can be helpfully applied.” (citations omitted)

Capitalist ideology rests on the concept of “markets” being so efficient that they should be allowed to work without human intervention. But what is a market? Under capitalism, it is nothing more than the aggregate interests of the most powerful and largest financiers and industrialists. No wonder that “markets” “decide” that neoliberal austerity must be ruthlessly imposed — it is those at the top of vast corporate institutions who benefit from the decisions that the World Bank, and similar institutions, consistently make.

Markets do not sit in the clouds, beyond human control, as some perfect mechanism. They impose the will of those with the most who can not ever have enough. Markets are not ordained by some higher power — everything of human creation can be undone by human hands. Our current world system is no exception.