

World Bank Presses Inquiry On Economist Who Dissents

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Published: September 7, 2001

WASHINGTON, Sept. 6— The World Bank is conducting a disciplinary investigation of one of its most senior economists, who sharply criticized the bank's record on fighting poverty in a recent book and newspaper opinion article.

The economist, William Easterly, came under investigation by the bank's office of business ethics and integrity after he wrote an article in The Financial Times that summarized views expressed in his book, several bank officials said. They said the inquiry, which has not yet concluded, was started because Mr. Easterly did not receive the required permission to write an article in a general-interest publication.

In the article and the book, Mr. Easterly harshly assessed the bank's half-century history of fighting poverty, arguing that it has pursued a long list of failed elixirs and systematically ignored the poor results of its programs.

He said the bank should encourage countries to adopt traditional free-market policies and stop lending to corrupt and incompetent governments.

The investigation of Mr. Easterly, which a bank spokeswoman described as a routine enforcement of the World Bank's media and communications policies, is being conducted at a time when its president, James D. Wolfensohn, has come under attack from numerous critics.

Right-wing economists say he has led the bank far astray of its traditional mission to enhance economic growth around the world, while those on the left say the bank under his leadership remains a top-down institution that does too little to respond to the needs of the poor. Critics have also put pressure on Mr. Wolfensohn to forgive more third world debt.

Several bank officials said that Mr. Easterly's case is one of several recent examples of how Mr. Wolfensohn has sought to assert more control over a raging debate within the bank as he battles outside critics.

The timing of the dispute is particularly sensitive because thousands of protesters are expected to gather in Washington later this month at the annual meetings of the bank and the International Monetary Fund to oppose the way the lending institutions do business.

Some protesters argue that the bank and the I.M.F. have failed to alleviate -- and may have worsened -- poverty in developing countries. Environmental, human rights and social activist groups have also sought to force the bank, which is controlled by member governments, to disclose more documents and allow the public to express views about policies before they become final.

Separately, President Bush and his top advisers have pressed the bank to rethink its antipoverty strategy. Mr. Bush proposed replacing as much as half of the bank's loans to developing countries with outright grants, a change that the World Bank leadership has resisted.

Two influential opinion journals, *Foreign Affairs* and *Foreign Policy*, have lengthy articles in their most recent issues that question the direction Mr. Wolfensohn has taken the bank.

Although many of its critics have conflicting views about what is wrong with the bank and what should be done to fix it, the flurry of internal dissent and outside attacks have sapped morale and created a sense of crisis, several people who work there say.

One close supporter of Mr. Wolfensohn said the bank was "under attack by the forces of reaction," who are trying to undo the changes Mr. Wolfensohn has brought since he took office six years ago.

Mr. Easterly's views are among the most pointed. As a senior adviser in the bank's research group, he has helped shape antipoverty strategy for 16 years.

In his recent book, entitled "The Elusive Quest for Growth," Mr. Easterly argues that the World Bank has systematically failed to raise growth rates in the countries it seeks to help. He wrote that two generations of bank leaders have been deluded by supposed panaceas for growth, like increasing business investment, improving education, limiting population growth, changing government policies and forgiving past loans, all of which ultimately failed to raise growth rates.

The developing world, including Africa, Latin America, South Asia, East Asia outside Japan and former Communist nations in Europe, grew at an average rate per capita of 0.1 percent from 1980 to 2000, according to the bank's statistics. East Asian nations grew relatively quickly, but in the other regions, living standards declined.

"Consider the facts and it soon becomes evident," Mr. Easterly wrote in the op-ed page article, "that the \$1 trillion spent on aid since the 1960's, with the efforts of advisers, and foreign aid givers, have failed to attain the desired results."

He proposed that the bank instead focus on creating incentives for poor countries to adopt free-market policies, largely by halting loans to nations that do not manage their economies effectively and increasing loans to those that do.

Mr. Easterly declined to comment on his views or the bank's investigation.

The agency's chief spokeswoman, Caroline Anstey, said it supports Mr. Easterly's right to publish his book. She said the inquiry into his newspaper article followed standard practice, and was not intended to suppress dissent.

"This isn't about academic freedom," Ms. Anstey said. "Our guidelines state simply that staff need to inform their managers of contacts with the press, preferably before an interview, but if not, afterward."

She said the inquiry involving Mr. Easterly had not concluded, so it was unclear if he would be disciplined.

Several other people who work at the bank say its top officials have taken a harder line on employees who violate guidelines for communicating with the press.

In one recent case, Robert Wade, a professor at the London School of Economics who has served as a paid consultant to the bank, was cited for violating disclosure policies when he wrote an opinion piece supportive of a bank lending program in China that was canceled under pressure from outside critics.

"They are going to be tough on anyone who says anything that has not already been vetted," Mr. Wade said.

Photo: An inquiry is pursued as the World Bank's president, James D. Wolfensohn, is himself under attack. (Associated Press)(pg. C9)