



Introduction

Indigenous communities and rainforests in Chad and Cameroon face destruction in the name of oil extraction. Working people in Haiti struggle with a falling minimum wage. People in India must forgo health care because hospital fees are increasing. Students from Papua New Guinea and Argentina face privatization of higher education, and police-military reprisals for their dissent. Everyday, thousands of African children die from preventable diseases because their governments must service illegitimate debts. These are just some of the casualties of the World Bank's funding of projects and policies that promote global apartheid.

But there is a growing people's movement to demand a better world where clean environments, living wages, and access to health care and education are rights, not commodities to be bought and sold. As part of this global movement, the World Bank Bonds Boycott is putting grassroots pressure on the World Bank, one of the biggest funders of the new global apartheid. The World Bank gets 80% of its money by selling bonds to institutional investors including your university, union, church, and local government.

Exercise your power, in the spirit of the anti-apartheid divestment movement. Demand a say over how your university invests your money. Ask your university to boycott World Bank bonds and stand with global civil society in demanding global justice and an end to debt slavery, economic colonialism, and projects that destroy environments.

“Their [IMF & World Bank] policies have not only failed to bridge the gap between rich and poor and achieve greater equality, but have rather contributed to a widening gap, the virtual exclusion of an increasing number of the poor and widespread social disintegration.”

**-Rev. Dr. Konrad Raiser, World Council of Churches,
Letter to Kofi Annan, 6/28/2000**

Table of Contents

Introduction	2
Impacts of the World Bank: Facts and Figures	3
Why Is the Boycott Effective?	4
Who Invests In World Bank Bonds?	5
Steps to Organize a Boycott at Your University	6
Sample Boycott Resolution	9
Sample Letter to University President	11
Sample Sign-on for Faculty and Staff	13
Sample Letters to the Editor	15
Appendices:	
I. How to Get Your College To Tell You How It Invests Your Money	18
II. How the World Bank Gets Its Money	21
What People are Saying About the Boycott	24
Resources for more Information	25

Impacts of the World Bank: Facts & Figures

The World Bank, along with its brother organization, the International Monetary Fund (IMF), is one of the most powerful financial institutions in the world. Founded in 1944, the World Bank today consists of four financing arms, the largest of which is the International Bank for Reconstruction and Development (IBRD). Since the early 1980s the IBRD has accelerated so-called “structural adjustment” lending, for which they have been sharply criticized by developing countries and human rights groups. The Bank has also financed projects that have been detrimental to human rights and the natural environment. A few examples of the harmful impacts of World Bank policies and projects include:

- Between 1992 and the present, the World Bank Group approved funding for more than \$18.5 billion in oil, gas, and coal extraction and power projects in developing countries. World Bank fossil fuel projects financed from 1992 to 1998 will ultimately release 37.5 billion tons of carbon dioxide, an amount greater than all current annual global fossil fuel emissions
- The UN has estimated that 19,000 children die every day from preventable diseases because of the debt burden – and much of the debt is owed to the IMF and World Bank. Despite vast reserves and profits, the IMF and World Bank continue to resist calls from the global Jubilee movement to cancel 100% of the debts of impoverished nations.
- World Bank policies require countries to sell off public water utilities to multinational corporations, placing clean water out of the reach of the poor. In South Africa, water privatization measures led to water supply cuts for people too poor to pay their accounts, which resulted in the outbreak of a cholera epidemic in KwaZulu-Natal.
- The World Bank’s voting structure is based on a system of one dollar, one vote. The richest governments have most of the voting rights. Meanwhile, all the countries of sub-Saharan Africa combined have less than 7 percent of the vote.
- Over the past twenty years as impoverished nations implemented the structural adjustment policies of the World Bank, income per person fell by 20% in Africa and grew by just 7% in Latin America, reversing a large growth trend in both regions that occurred between 1960-1980.

The World Bank Bonds Boycott is one tool that we can use on our campuses and in our communities to demand debt cancellation, an end to structural adjustment programs, and an end to the World Bank’s environmentally and socially destructive projects (especially those for oil, gas, and mining).

Why Is the Boycott Effective?

The reasons the Boycott is so effective are:

- ⊕ **It is a powerful way to localize the movement for global justice, while still having a powerful impact on the architects of global apartheid.**
- ⊕ **It helps us democratize the way our institutions invest our tuition, offerings, wages and taxes.**
- ⊕ **It helps build diverse coalition across cultures, races and concerns; everything from labor rights to HIV-AIDS, global warming to environmental racism.**
- ⊕ **The Boycott campaign attacks the Bank’s Achilles heel: its public image and financing.**
- ⊕ **Over the long run, the Boycott threatens the Bank’s primary source of financing by chipping away at its bonds’ high AAA status.**

"Because the impact of neoliberalism is global, we must respond at the same level. For this reason, the boycott is one of the most important tactics we Lencas have. We rely on the boycott to build alliances with others who are challenging the World Bank."

**-Bertha Caceres Flores,
Civic Council of Popular and
Indigenous Organizations of Honduras
(Maya Lencas are a group of indigenous people in Honduras)**

Who Invests In World Bank Bonds?

The World Bank—the IBRD (International Bank for Reconstruction and Development) and the IFC (International Finance Corporation)—raises almost all of its money by selling bonds on the private financial market. Many institutional investors may hold these bonds without even realizing it. In addition to corporations, large mutual funds, and central banks, many institutions we can directly impact also buy World Bank bonds, including:

- **University endowments**
- **Retirement funds**
- **Investments of religious or civic organizations**
- **Trade union pension funds**
- **Local government holdings and investments**

While World Bank bonds may be held individually, it is also likely that bonds from the World Bank will be included with a variety of other investments in a mutual fund. For a list of mutual funds that are known to hold World Bank bonds, visit: www.econjustice.net/wbbb/mutualfunds.htm



Members of ASEED Europe and ATTAC Italy drop a banner in support of the World Bank Bonds Boycott in Genoa, Italy in July 2001.

Steps to Organize a World Bank Bonds Boycott Campaign at Your University

You can support efforts to demand fundamental changes at the World Bank by working to get your university to pass a resolution that it will not use your tuition money to invest in World Bank bonds in the future. Each university will have its own unique procedures for adopting resolutions. The following steps are meant to provide ideas for how to proceed; you may of course streamline the process to make it as easy and efficient as possible.

1. **Research your university's holdings of World Bank bonds.** You will probably want to know if your university invests in World Bank bonds or not. Contact your University Treasurer to find out how to get access to information about the university's investments. World Bank bonds are listed as "International Bank for Reconstruction and Development." If your university does not invest in World Bank bonds directly, it may through mutual funds. A list of mutual funds that invest in World Bank bonds is available on the web at www.econjustice.net/wbbb/mutualfunds.htm. **Keep in mind that even if your university does not invest in World Bank bonds, a statement that your university will not buy them in the future will still put pressure on the World Bank.** Do not get bogged down by the research process -- you can proceed with other steps in the campaign while you research your university's holdings. See Appendix I for more detailed information on how to get your university to tell you how it invests your money.
2. **Contact campus groups and coalitions working on related issues.** Before going to your college's administration, identify and contact student activist groups and coalitions that may be interested in organizing around the World Bank bonds boycott and globalization issues. Build a diverse coalition that includes students from many different backgrounds and interest areas.
3. **Host a teach-in.** Organize a teach-in on the impacts of globalization and the World Bank. Invite speakers, including students, professors, and outside experts to talk about the World Bank, structural adjustment and their effects on poverty, ecology, and education in the Global South. Use the event as a way to encourage awareness about the World Bank and globalization and to mobilize support for the World Bank Bonds Boycott on campus. Contact the boycott office at 202-393-6665 or by email at

Sample Boycott Resolution Against Purchasing World Bank Bonds

WHEREAS, the World Bank has undermined democracy in impoverished countries by removing fundamental decisions on economic and social policy from the effective control of democratically elected legislatures; and

WHEREAS, the World Bank is an institution whose decision making meetings, transcripts, and policy and project documents are not open to public or news media scrutiny, and is therefore neither accountable to the majority of people in the developing countries where it operates, nor to the voters and taxpayers of the United States, Canada, Western Europe and Japan whose governments largely dictate the policy decisions at the World Bank; and

WHEREAS, the World Bank and the International Monetary Fund (IMF) refuse to respect the rights of workers to organize and bargain collectively, have required countries to make it easier for companies to fire workers, have required countries to change their labor laws to weaken the collective power of workers, and push developing country governments to depress wages; and

WHEREAS, through its “structural adjustment” lending, the World Bank, together with the IMF, promotes privatization of and reduced public expenditure on education, health care, water, and public pension systems, causing many people to lose access to education, health care, clean water, and retirement security, which hurts poor women and children in particular; and

WHEREAS, the World Bank promotes “user fees” for access to primary health care, preventing people from receiving life-saving medical treatment, and leading to increases in maternal mortality; and these policies have greatly contributed to the current public health crisis in poor countries, and have put health care out of reach for millions of Africans; and the Bank has promoted user fees for access to education in poor countries, leading to declines in enrollment, particularly for girls; and

WHEREAS, the World Bank has pressured developing countries to privatize public water systems, and to increase costs of drinking water for poor consumers, causing people to lose access to clean drinking water, and thus becoming more susceptible to the waterborne diseases that kill 2 million children a year, and forcing women and children, who bear most of the costs of daily household chores, to travel farther and work harder to collect water; and

WHEREAS, the World Bank refuses to cancel 100% of the debt of impoverished countries, thereby maintaining external control of the economic and social policies of these countries, despite the fact that many African countries spend more servicing illegitimate debts to the IMF and World Bank than on health care, and are denied access to the resources they need to fight the HIV/AIDS pandemic; and

WHEREAS, the World Bank has resisted calls to move from foreign currency loans to grants to finance expenditures in education, health care, water, and sanitation in the poorest countries; and

WHEREAS, World Bank fossil fuel energy projects have resulted in human rights abuses, impoverishment of local communities and nations, local pollution, global warming, and represent an unnecessary taxpayer subsidy to one of the most environmentally and socially destructive industries in poor countries; and

WHEREAS the World Bank is the greatest funder of large dam projects in developing countries, and World Bank-funded dams have forcibly displaced over 11 million people, and the World Bank refuses to fully implement the recommendations of the World Commission on Dams, including that no dam should be built which involves forced relocation of people; and

WHEREAS, the majority of the resources available for lending by the World Bank come from the sale of World Bank bonds to institutional investors, including pension funds, and these resources are used to carry out the aforementioned destructive policies;

THEREFORE, BE IT RESOLVED that (this institution) pledges not to purchase bonds issued by the World Bank (the International Bank for Reconstruction and Development and International Finance Corporation), until the World Bank cancels 100% of its debt claims against impoverished countries, stops destructive “structural adjustment” lending and similar policies, including all those enumerated in this resolution; and ends all lending for socially and environmentally destructive projects such as oil, gas, and mining extraction and dams that include forced relocation of people.

BE IT FURTHER RESOLVED, that (this institution) will communicate its support for the boycott of World Bank bonds to its employees and agents who manage or administer any funds held by (this institution), to institutions and groups with which (this institution) is affiliated, to Members of the United States Congress, and to the news media.

Sample Letter to University President

Dear University President:

We write to you today as students concerned about our university's role in the harmful policies and projects of the World Bank. The World Bank raises 80% of its money through bond sales to institutional investors, including to universities and colleges such as ours. Therefore, we request that our university commit to a policy of not buying World Bank bonds and thus join the growing international effort to achieve greater accountability at the World Bank.

The World Bank is a powerful force in developing countries through "structural adjustment" conditions on loans and debt relief, and its control over poor countries' access to credit (along with its sister institution the International Monetary Fund [IMF]). Though the World Bank has changed its rhetoric to include environmental and poverty reduction themes, its recent record speaks for itself. In June 2000, for example, over the objections of local groups and environmental and human rights organizations, the Bank approved the Chad-Cameroon pipeline. The project will cause severe, irreversible environmental damage as it cuts through indigenous villages, hundreds of miles of rainforest, and several wildlife sanctuaries. Furthermore, the World Bank and IMF promote a model of export-led growth and servicing external debt that is highly dependent on the extraction of scarce natural resources.

Structural adjustment policies often have a detrimental effect on access to educational institutions as well. For example, in Niger, the World Bank recommended that that country cut funding for high school exit exams, which left university administrators without meaningful admissions data and led to a massive reduction in admittance at the national university. Furthermore, professors and students critical of World Bank policies have suffered expulsion and even military repression in poor countries around the world, most recently in Kenya and Papua New Guinea.

As the head of the World Council of Churches explained in a June 1999 letter to UN Secretary General Kofi Annan, "Their [IMF and World Bank] policies have not only failed to bridge the gap between rich and poor and achieve greater equality, but rather contributed to a widening gap, the virtual exclusion of an increasing number of the poor and widespread social disintegration."

Already, the University of New Mexico, ten city councils including San Francisco, nine international unions including the Teamsters, thirty religious institutions, and ten socially responsible investment firms have passed resolutions not to purchase World Bank Bonds. The growing international endorsement of the boycott by institutions serving the public interest is generating pressure on the World Bank to align it new rhetoric of sustainability with its future policies.

Our university can lead by example and sign a socially responsible investment resolution forbidding the future purchase of World Bank bonds by our university. (Labeled "International Bank for Reconstruction and Development" and "International Finance Corporation", these bonds might be direct investments of our university or grouped in with mutual funds.) The effort does not call for divestment from currently held bonds, so our university will incur no financial loss. Even if our university does not currently hold World Bank bonds, a resolution against their future purchase would be an important statement. We look forward to your response.

Signed,
PETITION SIGNATORIES OR YOUR STUDENT GROUP OR
COALITION



Organizers of the World Bank Bonds Boycott campaign from South Africa, Haiti, India, and the US march in Washington, DC in April 2000.

2000, disregarding the objections of local groups and environmental and human rights organizations, the Bank approved the Chad-Cameroon pipeline. The project will cause severe, irreversible environmental damage as it cuts through indigenous villages, hundreds of miles of rainforest, and several wildlife sanctuaries.

Of particular concern to those of us within institutions of higher education, World Bank lending policies for education have led to a collapse in many Third World educational systems. Fewer students in poor countries have access to tertiary education now than before the imposition of IMF/World Bank structural adjustment programs in the 1980s. Expenditure per pupil for primary education fell precipitously under World Bank structural adjustment programs. In response to the catastrophe caused by World Bank lending for higher education worldwide, a large student and faculty movement has been launched demanding an end to structural adjustment, since it creates conditions which violate their academic freedom to teach, study and research.

Already, more than a hundred city councils, unions, religious institutions and socially responsible investment firms have passed resolutions not to purchase World Bank bonds, including the city council of San Francisco, the American Federation of Government Employees, the Unitarian Universalist General Assembly, Citizens Funds and Calvert Group. The growing endorsement of the boycott by institutions serving the public interest is generating pressure on the World Bank to live up to its new rhetoric of sustainability.

Our university/college can lead by example and sign a socially responsible investment resolution forbidding the future purchase of World Bank bonds. (Labeled "International Bank for Reconstruction and Development" and "International Finance Corporation," these bonds might be the subject of direct investments by a university, or might be grouped in with other bond purchases by mutual funds.) The World Bank Bonds Boycott is not a demand for "divestment" from currently held bonds, so universities will incur no financial loss from endorsing the resolution. And even if your university does not currently hold World Bank bonds, a resolution against their future purchase would confirm its commitment to socially responsible investment.

For these reasons, and because it was initiated by social justice movements in the Third World (and endorsed in December 2000 at the Jubilee South conference in Dakar, Senegal), we view the World Bank Bonds Boycott as a progressive initiative. We endorse it, and hope our university will do the same.

Signed,
Professors of Your University

Sample Sign-On Letter for Faculty and Staff: Our University Should Support the World Bank Bonds Boycott

To Whom It May Concern:

We write today as members of the faculty and staff of (XX university), in support of the World Bank Bonds Boycott.

A worldwide movement for social and environmental justice has brought the World Bank under increasing scrutiny in recent years. As the head of the World Council of Churches explained in a June 1999 letter to UN Secretary General Kofi Annan, "Their [IMF and World Bank] policies have not only failed to bridge the gap between rich and poor and achieve greater equality, but rather contributed to a widening gap, the virtual exclusion of an increasing number of the poor and widespread social disintegration."

The policies of the World Bank, and its sister institution, the International Monetary Fund (IMF), have had a profound and devastating effect on the quality of life of millions of people. The World Bank raises 80% of its money through bond sales to institutional investors, including to universities and colleges like the ones at which we teach or study. (In contrast, the IMF raises its capital from government contributions.)

The World Bank has refused calls to grant full and unconditional debt cancellation for the poorest countries, and the Bank continues to collect debt service payments from these countries. Payments are often many times more than the amount spent on health care or education.

The Bank continues to devote a large share of its lending toward devastating "structural adjustment" policies, which include privatization and imposition of user fees in public health and education systems; restrictions on workers' rights to organize and increase their standard of living; and promotion of trade, financial and investment liberalization policies that facilitate the global race to the bottom.

The World Bank has also lent money for projects that despoiled the natural environment and violated the rights of indigenous peoples, especially for dams, for the extraction of oil and gas, and for mining. In just one example, in June

Sample Letters to the Editor

The letters below were used by activists in Boulder, Colorado to pass the World Bank Bonds Boycott in that city. Feel free to adapt these to fit the needs of your coalition or campaign and submit versions of these letters to student or campus newspapers.

Sample Letter #1

To the Editor:

I have always believed that unions are essential for the protection of workers. The World Bank, which the City Council will discuss on August 21, disagrees. In fact, in October 2000, World Bank President James Wolfensohn stated that the Bank cannot respect workers' rights to form unions or to collectively bargain because "it does not want to get involved in national policies." Given that the World Bank has compelled over sixty countries in the Third World to drastically change their economic policies under their structural adjustment policies (SAPs), this statement would appear to be extremely disingenuous.

Furthermore, World Bank SAPs are profoundly anti-worker. SAPs force governments to rewrite their laws so that they are more favorable to foreign investors and less favorable to workers. While all of the SAPs negatively affect workers, I'll mention just three.

First, the World Bank pressures countries to undertake measures to promote exports, at the expense of production for domestic needs. In the rural sector, the export orientation is often associated with the displacement of poor farmers, as their land is taken over by large plantations growing crops for multinational corporations.

Another World Bank-imposed SAP is higher interest rates. These interest rates exert a recessionary effect on national economies, which lead to higher rates of joblessness. Small businesses, often operated by women, find it more difficult to gain access to affordable credit, and often are unable to survive.

Finally, the elimination of tariff protections for industries often leads to massive layoffs. In Mozambique, for example, the IMF and World Bank ordered the removal of an export tax on cashew nuts. The result was the 10,000 adults, mostly women, lost their jobs in cashew nut-processing factories. Because I support workers, I will support the World Bank Bonds Boycott at the City Council on August 21.

Sample Letter #2

To the editor:

One of the key reasons I support a boycott of World Bank Bonds is because of my concerns about the global environment. Although the World Bank claims to be committed to the environment, the Bank's record contradicts this claim.

Four well known and reputable national and international environmental organizations (Friends of the Earth, the Sierra Club, the International Rivers Network and the Rainforest Action Network) have outlined the World Bank's environmental failures in a document entitled "Not in the Public Interest: The World Bank's Environmental Record".

The February 2000 report found, based on the inspection of World Bank documents, that the Bank continues to invest in environmentally harmful projects, while devoting fewer resources to environmentally beneficial ones. The report also found that the Bank has weakened many of its environmental policies and often fails to abide even by these weakened standards. The highly critical report concludes that "The Bank is lending more for environmentally destructive structural adjustment projects yet doesn't assess their environmental and social impacts....While the Bank now acknowledges the importance of environmental and social considerations, it has failed--by its own admission--to prevent environmental and social harm."

We must hold the World Bank accountable for its failures in regard to the global environment. I urge all environmentalists to oppose the World Bank's policies by speaking out at the Boulder City Council on August 21 in support of the World Bank Bonds Boycott.

Sample Letter #3

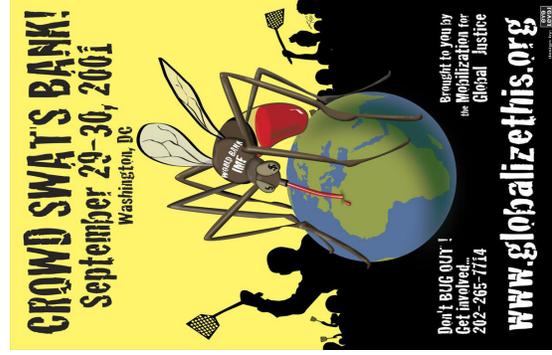
To the editor:

I support a boycott of World Bank Bonds and will urge the Boulder City Council to join the Boycott on August 21. Many of my concerns about the Bank are echoed in an important report by a U.S. Congressional Commission. In 1998, Congress appointed the International Financial Institution Advisory Commission under the leadership of Allan H. Meltzer. The Commission was set up to address concerns about whether the policies and programs of the IMF and the World Bank increase or reduce the severity of global financial

crises and living standards in poor countries. The Executive Summary of "The Meltzer Report" of March 2000 ends with the following paragraph:

"There is no region of the world that the Bank or Fund can point to as having succeeded through adopting the policies that they promote (or) impose, in borrowing countries. The failure of the last two decades of globalization, structural adjustment, privatization, and 'market fundamentalism' to raise living standards worldwide, and the dramatic decline in growth, especially in underdeveloped countries, should be cause for serious concern. The IMF/WB should be using their enormous capacity for research to try to find out what has gone wrong. Most importantly, they should not pretend that they have the necessary expertise or the answers to difficult and often country-specific problems of economic growth and development, for it is clear they do not. They could play a much more constructive role by helping to cancel the crushing, unpayable debt of the poorer countries and allowing each nation to choose its own path to economic growth and development."

Boulder should be proud of its history in standing up for justice, especially when it is for people living thousands of miles away. We can't leave foreign policy and policies that affect billions of people around the globe to a few wealthy elites and politicians beholden to these elites. I say to the City Council, continue your proud tradition of support for justice for all people and support the World Bank Bonds Boycott.



Poster for September 30 Mobilization for Global Justice in Washington, DC



Appendix I: How to Get Your College to Tell You How It Invests Your Money

Investment disclosure campaigns can be a major catalyst for increased activism on campus, as well as a useful step on the way to a World Bank Bonds Boycott resolution. While there is no sure fire way to assure that your school will even tell you how it invests your tuition dollars, we have provided a few organizing and research tips to help you on your way.

1. DO YOUR HOMEWORK.

By law, you have the rights to access your university's I-990 form, which is the form the federal government requires of non-profit institutions. This form discloses the top 5 paid employees, the top 5 investments, and all real estate. This is generally a useful first step because, because although it does not provide detailed information on your university's investment portfolio, it gives you a sense of the total endowment and revenue of your university.

This form is legally required to be available upon request from your university's Treasurer. This role may be delegated to someone in the school library or records office. The surest bet to find the I-990 quickly is to ask your library's research department. They usually will have a sense of the school bureaucracy and records management systems. They are allowed to charge a fee. For example, students at the George Washington University asked their librarian for help, who directed them to an office in the Library specifically for records. The cost was \$5, and a signature was required.

Also, if your school is among the top 100 richest schools, you can look up endowment information on the Department of Education website – note that it was lasted update in 1996. See:

[Http://nces.ed.gov/pubs2000/digest99/d99t361.html](http://nces.ed.gov/pubs2000/digest99/d99t361.html)

Furthermore, the Students Transforming and Resisting Corporations Alliance (STARC Alliance) has extensive socially responsible investment campaign guidelines and codes of conduct. You can get these on the web at <http://www.corpreform.org/SRI>, or by calling the STARC national organizer at 510-420-1248 or by email at staffer@corpreform.org. Unfortunately,

lawyers that advise STARC have found no law that would require private universities to fully disclose investments.

2. ASK FOR THE LIST OF INVESTMENTS.

While chatting with your librarian, ask which office handles the university's investments. Once again, it is likely to be a subdivision of the Treasurer's department. Draft a letter, put on some slacks and go to this office and ASK. Ask outright for the investments; ask about the procedure you should follow to get investments if they can't give them up on the spot. If this doesn't work, keep reading.

3. MAKE AN ARGUMENT; APPEAL TO THE GOODWILL OF YOUR ADMINISTRATION

Although they are not required by law to show you their investments, a university's federal income tax exemption is based on the legal agreement with the US government to "serve the public good." You can make the argument that the World Bank's policies are not contributing to the public good by reading some of the documents at www.worldbankboycott.org.

As a student, you are paying tuition (or otherwise arranging for tuition to be paid) to your university. When the university makes an investment, it is using your money – you have a right to know how your money is being used. This is true at a public or private university. Citizens' tax dollars support public universities, and any citizen can demand accountability there. In the case of private universities, they do not pay income or property tax, for the most part. They should also be accountable. Corporate universities need to be reminded who their masters are.

4. FREEDOM OF INFORMATION ACT

If you go to a public school, you may have legally guaranteed access rights to documentation regarding school investments. The "Freedom of Information Act" guarantees that citizens can demand many kinds of government and public university documents.

To determine if FOIA regulations apply to your university, contact the Office of the General Counsel at your school. Ask about the process for requesting documents under FOIA at your school, and then try to make your request for investments consistent with that process. If school administrators ignore or stonewall your inquiries, you should contact the State Attorney General's office in your state capitol.

Note that certain documents may not be FOIA'ble. If your requests are rejected after going through the correct process, you may have made an un-FOIA-ble request. Refine your search by asking for more specific documents questions, i.e. "fixed income" or "bond" investments instead of "investments," as World Bank bonds are considered "fixed income" or "bond" securities. Alternately, you may choose to broaden your inquiry if you were overly specific.

Finally, FOIA requests can often cover such specific documents as e-mails shared between administrators of your school and other agents. (This may not cover certain legal documents protected by attorney-client privilege, however). Activists working with United Students Against Sweatshops got information about Harvard's apparel purchases by FOIA-ing apparel-relevant e-mails written between administrators at University of Michigan (a public school) and Harvard. This clearly has important implications for the Bonds Boycott network nationally as students from public schools pass Boycott resolutions and get investment disclosure and can begin to share information with private schools.

5. APPLY PRESSURE

It's obvious that you've got the truth on your side. But we all know that corporations and upper levels of bureaucracy hold more sway on college campuses than students nowadays. Build a student-faculty-alumni-university worker coalition to get disclosure of investments, and make it a political issue. Hold teach-ins and other public events to expose the reality that the balance of power in universities is weighted against its real constituency (students, faculty, alumni, parents, workers) and in favor of secretive and power-hungry trustees and administration.

Thanks to Eric Roman, Peter Romer-Friedman, and Dan Rosan for their help with this document.



Genoa, Italy 2001



Appendix II: How The World Bank Gets Its Money

Summary:

The World Bank Group is comprised of four arms: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA).

The IBRD raises almost all of its money (95%) by issuing debt securities (bonds) and selling them on the private financial market. The remainder of IBRD financing comes from the initial capital contributions of World Bank member countries. IDA, on the other hand, is government funded, primarily by the G7 countries (France, Japan, Britain, Italy, United States, Canada, and Germany). The IBRD accounts for approximately 80% of the World Bank's lending to governments, while IDA accounts for the remaining 20%. The IFC and MIGA differ from the IBRD and IDA because these arms lend directly to private corporations, including many of the world's largest multinationals. The IFC also issues bonds to raise its capital.

So when we say "World Bank bonds" we are talking about bonds issued by the World Bank to raise money for the IBRD, and also for the IFC.

What are Bonds?

A bond can be described as a loan agreement by which a borrower agrees to pay the bondholder a certain amount of money at a certain time in the future. The buyer of the bond, who is essentially lending money to the issuer, has to have confidence that the bond will be paid back at some time in the future, along with the agreed amount of interest. Governments and corporations are the world's biggest bond issuers. Instead of turning to a bank to lend money, they issue bonds to raise large sums of money, often as a global issue of securities sold to banks and other investors around the world. In principle, bonds are loans through which the borrowers get the cash they need, while the lenders earn interest.

How Are Bonds Traded?

Since it is difficult for bond investors to find individual sellers, they usually go to professional "market-makers" who buy and sell bonds for them. Although some bond trading takes place on public trading floors such as stock exchanges, most of the world's fixed-income securities (another way of saying "bonds") are traded by banks and securities houses acting as market-makers on behalf of their clients. Bond markets are just like any other competitive market in that traders make money by buying for less and selling for more. In the case of the World Bank, financial firms like Citigroup and Salomon Smith Barney underwrite World Bank bonds. For a full list of firms that underwrite World Bank bonds, see the campaign website's "Financial Information" on our link page.

How Are Bonds Sold?

An investor wanting to sell a bond would go through a broker to a trader who makes a "market" with two prices: a "bid" price and an "offer" price. The investor sells bonds to a trader at the "bid" price, which is always lower than the "offer" price. The difference between the two prices is called a spread. A trader makes money in small amounts all day long, buying at a lower bid price and selling at a slightly higher offer price. Twenty-four hours a day, bonds are traded around the world, usually in trading rooms of banks and securities houses, which are connected by elaborate systems of electronic communications equipment. The largest international capital markets are based in London, New York, and Tokyo, but bonds are traded almost in every financial center in the world, from Paris to Bangkok, from Johannesburg to Vancouver.

Why Does The World Bank Issue Bonds?

Any corporation, or government or multilateral institution can issue bonds to raise resources for different purposes. For instance, corporations issue bonds to finance the growth and development of their businesses in order to earn more profit. As governments are supposed to provide basic amenities and infrastructure (e.g. roads, drinking water and education), but their revenues, quite often, are not enough to cover such expenses, they borrow money through bonds. Multilateral institutions, such as the World Bank and Asian Development Bank (ADB), also issue bonds to raise funds internationally, to finance infrastructure and other projects to developing countries. In recent years the composition of external financing for developing countries has changed due to the emergence of international bonds. These countries prefer

raising funds through the issuing of bonds rather than bank lending, which was the case in the 1980's. International bonds now constitute the single largest source of debt financing in developing countries. The World Bank, the world's largest loan making agency, is also an active buyer and seller on the bond market. It raises almost all of its money from private financial markets. Eighty percent of the money that the Bank uses for its programs comes from the sale of World Bank bonds.

What if an Institution Doesn't Hold World Bank Bonds Directly?

It could hold World Bank Bonds through mutual fund holdings. There is a list of funds that invest in World Bank bonds, available on the campaign website's at: www.economicjustice.net/wbbb/mutualfunds.htm.

Companies in the United States that are publicly held are required to file reports with the Securities and Exchange Commission. These reports may be viewed on EDGAR (www.sec.gov/edgar.shtml) or on 10K Wizard (www.10kwizard.com), which is easier to search through. While these reports vary greatly in their level of detail on the firm's holdings, they do indicate which mutual funds are likely to hold debt securities issued by the World Bank.

Are World Bank Bonds Guaranteed by Governments? What Is Callable Capital?

Most of the funds appropriated or authorized by Congress and other Member governments for the World Bank consist not in "paid-in capital" but "callable capital" – that is, pledges of money that would in theory be made available to the World Bank to cover its borrowing if needed. Although the World Bank has never actually called on these pledges, they serve as collateral for World Bank borrowing, making World Bank bonds more attractive and giving them the highest investment rating. Pledges by institutions to boycott World Bank bonds may well have the effect of encouraging member governments to reduce their appropriations for callable capital, or to use the threat of doing so to pressure the Bank.



What People are Saying About the World Bank Bonds Boycott

“They [the World Bank] loan money to mostly third-world countries and impose structural adjustment policies on these countries. They require them to cut back in social spending, and they make them raise interest rates, open their markets to foreign investments and implement user fees for basic assessment. We know that 80 percent of investments in the World Bank come from private institutions. Because we are students, we just figured UNM [University of New Mexico] would be a good place to start.”

-Lulu Strongheart, student and activist, University of New Mexico, April 25, 2001

“Last night, the Oakland City Council stood firmly for our city's tradition of justice and fairness. The World Bank should be an agent of both free and fair trade; in reality, it has become an agent only of large moneyed interests who wish to use the free international flow of capital to avoid legitimate environmental regulation and trample the rights of labor.”

-John Russo, Oakland City Councilmember, July 19, 2000

The World Bank growth model is based on redirecting as much of a nation's wealth to transnational corporations at the expense of the vast majority of the population. It increases poverty and immiseration everywhere it goes. It is anathema to everything the ILWU [International Longshore and Warehouse Union] stands for.... The ILWU joins the popular movement of unions, fair trade organizations and other citizen activist groups boycotting World Bank bonds.

-Steve Stallone, Communications Director of the International Longshore and Warehouse Union, July 2, 2001

“Citizens Funds does not purchase World Bank bonds. We believe that World Bank projects are implemented without adequate attention to environmental and social concerns, are insufficiently transparent, and too often do not involve local communities. Citizens Funds invest in companies and projects that we believe to be leaders in social and environmental responsibility and World Bank bonds do not meet our criteria for investments.”

-John Shields, President, Citizens Funds, September 12, 2000