

# The World Bank

‘Superior ... a broad-ranging guide that explains the global power structure over the last eight decades. The history of the World Bank and its frequent support of dictatorships in the Global South clarifies the nexus between high finance and power politics.’

—Carlos Marichal, El Colegio de México

‘Could not be more opportune as the world enters a dangerous period of potential geopolitical conflict. Toussaint exposes, the role of the World Bank (and other Bretton Woods institutions) as tools for the financial control of the world – in particular, the exploitation of the Global South through the manipulation of debt. The World Bank is found not to be a great institution to reduce global poverty, but on the contrary, to perpetuate it.’

—Michael Roberts, economist and co-author of  
*Capitalism in the 21st Century: Through the Prism of Value*

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International Center for Globalization and Development

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—James K. Galbraith, author of *Welcome to the Poisoned Chalice:  
The Destruction of Greece and the Future of Europe*

# The World Bank

## A Critical History

ÉRIC TOUSSAINT

With a contribution by Camille Bruneau

Foreword by Gilbert Achcar

Pluto  Press

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# Dedication

I would like to dedicate this book to all those who fight for human dignity and social justice.

And to those who attempt to cross the Mediterranean Sea, the English Channel, the Rio Grande despite all the shameful barriers that the governments of rich countries have put up to prevent people from circulating freely.

# Contents

<i>List of Tables and Figures</i>	ix
<i>Foreword</i>	xi
<i>Preface</i>	xiv
<i>Acknowledgements</i>	xvi
<i>Terminology: South/North – Developing/Developed.</i>	
<i>Just What Are We Talking About?</i>	xvii
Introduction	1
1 The Origins of the Bretton Woods Institutions	13
2 The First Years of the World Bank (1946–62)	21
3 Difficult Beginnings between the UN and the World Bank	37
4 The Post-1945 Context: The Marshall Plan and the London Agreement on Germany’s Debt	43
5 A Bank Under the Influence	52
6 World Bank and IMF Support for Dictatorships	70
7 The World Bank and the Philippines (1946–90)	82
8 The World Bank’s Support for the Dictatorship in Turkey	89
9 The Bank in Indonesia: A Textbook Case of Intervention	94
10 The World Bank’s Theoretical Falsehoods Regarding Development	109
11 South Korea: The ‘Miracle’ Unmasked	121
12 The Debt Trap	142
13 The World Bank Sees the Debt Crisis Looming	156
14 The Mexican Debt Crisis and the World Bank	165
15 The World Bank and the IMF: The Creditors’ Enforcers	174
16 Presidents Barber Conable and Lewis Preston (1986–95)	195
17 Rwanda: The Genocide’s Financiers	200
18 James Wolfensohn Switches on the Charm (1995–2005)	206
19 Debates in Washington at the Start of the Twenty-first Century	215
20 Structural Adjustment and the Washington Consensus Are Not Abandoned in 2000	227
21 Climate and the Environmental Crisis: Sorcerer’s Apprentices at the World Bank and the IMF	234
22 Paul Wolfowitz (2005–07): An Architect of the Invasion of Iraq at the Head of the World Bank	245

**viii Contents**

23	Ecuador: Progress and the Limits of Resistance to the Policies of the World Bank, the IMF and Other Creditors	250
24	The US President's Men Keep Control of the World Bank	269
25	The World Bank and the Arab Spring	275
26	The IMF and the World Bank in the Time of Coronavirus: The Failed Campaign for a New Image	284
27	The 'Gender Equity' Farce: A Feminist Reading of World Bank Policies	295
28	The World Bank and Human Rights	314
29	Time to Put an End to World Bank Impunity	330
30	The Case for Abolishing and Replacing the IMF and the World Bank	335
	<b>Annexes</b>	
	Annex 1: The World Bank: An ABC	341
	Annex 2: The International Monetary Fund: An ABC	349
	<i>Abbreviations and Acronyms</i>	355
	<i>Glossary</i>	357
	<i>Bibliography</i>	368
	<i>Works by Éric Toussaint Published in English</i>	381
	<i>Index</i>	382

# Foreword

## Gilbert Achcar

The World Bank and its fraternal twin, the International Monetary Fund (IMF), have earned an execrable reputation in the Third World since the start of the neoliberal era in the 1980s. That is because these two intergovernmental financial institutions – the two main pillars of the international economic order put in place after the Second World War under the domination of the United States of America, a domination clearly visible in the fact that both institutions are headquartered in Washington – have been the primary vectors of the extension of the capitalist system in its neoliberal mutation in the Global South.

That mutation has visited even more pain on the poor nations than it has on the poorest citizens of the wealthy countries. Let us take the example of one of the key measures of that neoliberal mutation: the privatization of state-owned companies. The gap between the working conditions prevalent in the private sector and in the public sector is much greater in countries of the Global South than in the economically advanced countries. In the latter countries, the power of trade unions, the rule of law as regards labour legislation and the generalization of compulsory social coverage reduce the gap between the two sectors. On the other hand, in poor nations where there is an enormous ‘informal sector’ deprived of any rights, the move from the public sector to the private sector is accompanied by a considerable deterioration of working conditions.

It is well known that increased precarity of the workforce is one of the major damaging consequences of neoliberalism in the economically advanced countries. But precarious workers in those countries – excepting the relatively small number of victims suffering in the hell that is clandestine work – generally enjoy more rights and social benefits than the great majority of workers in the private sector in the poor nations, whose status has always been precarious in practice, if not in legality.

Another example is the sacrosanct principle of drastically reducing budgetary deficits, which necessarily results in reduced social spending and public investment, despite the hypocritical pronouncements made by the international financial institutions in favour of expenditures for education and health. Combine that principle with that of privatization and you will understand that the governments of the Third World, in the absence of strong labour and socio-political resistance, tend to sacrifice those two vital sectors in favour of private-sector providers whose only principle is maximizing profit and who provide services



that are very poor in quality or else whose prices are prohibitive for the great majority of the population.

Public investments, generally guided by the needs of the society and the economy as a whole, lose ground to private investments that are more and more 'free' – that is, free of public regulation, and guided by the hunger for rapid profit in a context of growing corruption and rigged markets. The result is the development of crony capitalism and speculative activities of all types. Social inequality is inexorably aggravated by these changes. The unbridled enrichment of a minority of the privileged is accompanied by the deterioration of social conditions and the relative or absolute impoverishment of the great majority.

It then becomes understandable that while neoliberalism may have maintained the pretence of being the natural corollary of liberal democracy in the northern hemisphere at the time of its extension into Eastern Europe following the collapse of the so-called 'socialist' dictatorships, in the countries of the Global South the imposition of the full range of neoliberal measures often requires ironclad despotism. There is an unbroken line over four decades from that first champion of the neoliberal mutation, General Augusto Pinochet – who headed the bloody US-fostered coup that ended democracy in Chile in 1973 – to Marshal Abdel Fattah al-Sissi, author of the even bloodier coup that ended the democratic experiment in Egypt in 2013 as the prelude to the first full-scale application of the directives of the international financial institutions in his country.

The main economic lever with which the new neoliberal order concocted in Washington was imposed on the countries of the Third World was the mechanism of debt. The peak of indebtedness that followed the skyrocketing of oil prices on the worldwide market in the 1970s was the main instrument of the blackmail exercised on the countries of the Global South to force them to apply the programmes of the neoliberal mutation under the mask of the technocratic term 'structural adjustment'.

And so it is no accident that Éric Toussaint has become one of the most knowledgeable people concerning the World Bank and the IMF outside the inner circles of power in those institutions. For some 30 years now he has been studying them closely – a task he set for himself in 1990 in founding the Committee for the Abolition of Third World Debt, which has since been re-named Committee for the Abolition of Illegitimate Debt, keeping the acronym of its original name: CADTM. Éric began his study of the World Bank as a critical observer, and over the years has accumulated a formidable and rare knowledge of the Third World, whose length and breadth he has travelled – that Third World which is the primary field of activity of the World Bank in the neoliberal era. In the process Éric has uncovered many aspects that were originally intended to remain hidden behind the opaque veil that conceals the workings of international finance and of the intergovernmental economic institutions.

A tireless militant for the cause of the Third World and of other dominated countries, Éric Toussaint has become an internationally known expert on all questions related to foreign debt. This book is the fruit of decades of research, practical experience and commitment to militancy. And as one would expect, it is written for the great majority. It is an instructional work in which Éric's primary profession, that of teacher in technical and professional education, is evident – a book free of the usual jargon encountered in technocratic and academic publications and which makes them inaccessible to the great majority of the people whose lives are affected by the subjects they deal with. It is to those people that this book is addressed, and not to the members of the elite of worldwide economic power.

## Preface

This book is the result of an undertaking that began 30 years ago. The writing itself was begun in March 2004. It led to an initial edition of the book in French in 2006 in the form of a co-publication by the Paris publisher Syllepse, the Cetim in Geneva and the CADTM in Liège. The book met with success and was translated into English, Spanish, Japanese, Indonesian, Arabic and Portuguese. In Spanish, it appeared in four different editions (Viejo Topo in Barcelona, Spain; Centro Internacional Miranda in Caracas, Venezuela; Abya-Yala in Quito, Ecuador; and DESC in La Paz, Bolivia). There are two different editions in English (Pluto in London, UK and VAK in Mumbai, India). This edition is an expanded and updated version of the work published in 2008 by Pluto.

My main source consisted of documents produced by the World Bank itself, totalling over 15,000 pages. I also consulted numerous reports and studies published by other international institutions, principally the International Monetary Fund (IMF), the United Nations Development Programme (UNDP), the United Nations Conference on Trade and Development (UNCTAD), the Organization for Economic Cooperation and Development (OECD) and the Bank for International Settlements (BIS). Also of great use were the publications and studies by some 50 authors whose analyses are related to the subject (see Bibliography). Over the last 30 years I have undertaken – mainly on behalf of the CADTM – more than 100 missions and journeys in the Global South, mainly in Latin America, but also in Africa, Asia, and Central and Eastern Europe. The analysis developed in the pages of this book owes much to these missions and to the people I have had occasion to meet.

Many direct contacts with the authorities of various developing countries also helped me develop this analysis. Outstanding among them were the invitations I received from the Ministry of the Economy of East Timor in March 2003 and from the Venezuelan parliament – the first in 1997 followed by another in 2003 – from Venezuela's Ministry for Economy and Planning in 2008, from the government of Ecuador several times between 2007 and 2011, from the president of Paraguay in 2008 and 2011, as well as regular contacts with Luis Inácio Lula da Silva between 1990 and 2003, when his term as Brazil's president began.<sup>1</sup> Since 1995, in my capacity as president of CADTM Belgium, I have also had several meetings and engaged in debate with three successive Belgian Finance Ministers: Philippe Maystadt (Minister of Finance from 1988 to 1998, then chairman of the European

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1 See Éric Toussaint, *Your Money or Your Life: The Tyranny of Global Finance* (Chicago: Haymarket Books, 2005), chapter 16, 'Case study: Brazil', pp. 292–313.

Investment Bank (EIB) from 2000 to 2011), Jean-Jacques Viseur (Minister of Finance in 1998–99) and Didier Reynders (Minister of Finance from 1999 to 2011, then European Commissioner for Justice beginning in 2019). Between 1998 and 2014, I also met regularly with Belgian administrators of the World Bank and the IMF posted in Washington. Finally, I have taken part in public debates with top officials of the World Bank and the IMF in Prague, Geneva and Brussels.

Numerous contacts at grassroots level in developing countries and ongoing relations in the context of their social movements have been the compass that has constantly confirmed my course in the writing of this work.

Three chapters of this book are taken from my doctoral thesis in political science, which I defended in November 2004 at the Universities of Liège and Paris VIII.<sup>2</sup>

This book takes a chronological approach in analyzing the World Bank from its beginnings to 2021. Care has been taken to place World Bank policy in its political and geostrategic context. In addition, seven studies of different countries are presented to illustrate World Bank policy: the Philippines (1946–86), Turkey (1980–90), Indonesia (1947–2005), South Korea (1945–98), Mexico (1970–2005), Ecuador (1990–2019) and Rwanda (1980s–1990s). A critical analysis of how the World Bank interprets the Arab Spring, which began in 2011, is given. At many points in the book, the policies conducted by the International Monetary Fund (IMF) are also analyzed. The actions of the World Bank with regard to the environmental crisis and climate change are also dealt with. This book aims to show clearly the political, economic and strategic motives of the United States government with regard to the World Bank. Thanks to the contribution of Camille Bruneau, a feminist and member of the CADTM team, the book includes a chapter proposing a feminist reading of the policies of the World Bank. In the last part of the book, the question of the justiciability of the World Bank is raised. The book ends with a proposal for replacing the World Bank, the IMF and the WTO with new, multilateral and democratic institutions. The book contains charts and graphs, a World Bank–IMF data sheet, an index of the principal names cited and a glossary. If a concept is not clear, consulting the latter will make reading easier.

As stated in the Acknowledgements, this book could not have been written without the help of others who are close to me. But the analyses developed here are entirely my own personal responsibility. My dearest wish is that they should be taken, completed, amended and of course applied as widely as possible in the effort to free the oppressed people of the Earth, which is, after all, a lifelong struggle.

Éric Toussaint,  
Liège, 7 March 2023

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2 They are chapters 3, 5 and 6, taken from Éric Toussaint, 'Enjeux politiques de l'action de la Banque internationale pour la Reconstruction et le Développement et du Fonds monétaire international envers le tiers-monde' ('Political implications of the actions of the IBRD and the IMF towards the Third World'), doctoral thesis in political science (Universities of Liège and Paris VIII, academic year 2003–04).

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# Terminology: South/North – Developing/ Developed. Just What Are We Talking About?

## LEXICAL CHOICES ARE NOT NEUTRAL

The terms chosen to designate the different categories of countries convey the theoretical and political divergences that exist when it comes to analysis and strategy. Generally, these divergences are related to the social content of the economic concepts: the economic categories are often presented as reflecting natural laws in which social relations and power struggles have a limited place. In the dominant view, underdevelopment, for example, is perceived as being a simple time lag, sometimes ascribed to natural causes. Let us have a look at some of these terms:

1. *Underdeveloped countries*: this old term has become obsolete because of its derogatory overtones.
2. *Developing countries*: this expression is less derogatory than the first but subscribes to the same biased notion of a simple time lag. Moreover, it presumes a trajectory of improvement of the situation that is not always verifiable. The World Bank still classifies countries as ‘developed’ or ‘developing’.<sup>1</sup>
3. *Least advanced countries*: a term used in the classifications of international authorities, but it combines all the preceding defects.
4. *Third World*: a term invented by Alfred Sauvy in 1952 (by analogy with the Third Estate) and which was popular during the Cold War as a means of naming all the countries taking an independent stand, whether with regard to the United States or to the USSR.<sup>2</sup> Two facts have rendered the use of the term more problematic, although the habit still persists: on the one hand, the disappearance of the USSR and the Soviet bloc, and on the other hand the growing heterogeneity of the former countries of the Third World, several of which have experienced

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1 Tariq Khokar, ‘Should we continue to use the term “developing world”?’; Worldbank.org, November 2015 <[blogs.worldbank.org/opendata/should-we-continue-use-term-developing-world](https://blogs.worldbank.org/opendata/should-we-continue-use-term-developing-world)> [accessed 23/11/2021].

2 Alfred Sauvy: ‘We readily speak of two opposing worlds [the capitalist world and the socialist world – author’s note], of their possible war, of their coexistence, etc., all too often forgetting that there exists a third one, the most important, and in fact the first one in chronological terms. This is the body of those that we call, in United Nations fashion, the underdeveloped countries. [...] The underdeveloped countries, the third world, have entered into a new phase [...]. Because at last this ignored, exploited Third World, looked down on as was the Third Estate, also wants to be acknowledged.’ (*L’Observateur*, 14 August 1952, No. 118; translation CADTM).

actual economic development, or even, in some cases, have joined the group of ‘developed’ countries in the World Bank’s classification. In the early twenty-first century, China became the world’s second-ranking economic power.

In 1951, in a Brazilian journal, I mentioned three worlds, yet without using the term ‘Third World’. I coined and used the term for the first time in writing in the French weekly *L’Observateur* on 14 August 1952. This is how the article ended: ‘Because at last this ignored, exploited Third World, looked down on as was the Third Estate, also wants to be acknowledged.’ I was referring to the well-known words of Siéyès<sup>3</sup> on the Third Estate during the French Revolution.

– Alfred Sauvy, demographer and economist<sup>4</sup>

5. *Poor countries*: a term that focuses on the economic poverty of the majority of the population in the countries concerned and obscures the blatant inequalities that exist there. Moreover, a number of countries considered poor are actually very rich in natural resources, not to mention their cultural wealth. These countries should be called ‘exploited’ or ‘impoverished’ countries.
6. *Countries of the South*: a convenient term to stigmatize the break with the countries in the northern hemisphere, often developed and dominant, but which has the twofold defect of ignoring the numerous exceptions to this geographical classification and of implying that geography is somehow a determining factor. This is why in Latin America ‘Global South’ and ‘Global North’ are used, in order to distinguish them from geographical realities. We also speak of ‘the Souths’ in the plural, to highlight the heterogeneity among many countries of the South.
7. *Peripheral countries*: a term belonging to the Structuralist and Marxist vocabulary which stresses the domination that is at the heart of a global capitalism run by the most industrialized countries and their imperialist policies.
8. *Emerging countries*: a term designating the economies that have initiated an undeniable development process which distinguishes them from the body of the formerly more homogenous Third World – China, India and Brazil being the principal examples. This term is often enough replaced by ‘emerging markets’, a substitution that clearly reflects the neoliberal vision of a development that can only be achieved through insertion into the international division of labour imposed by capitalist globalization. It should be noted that five countries labelled ‘emerging countries’ have developed mutual collaboration in a context called ‘BRICS’, after their respective initials: Brazil, Russia, India, China and South Africa.

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3 ‘1. Qu’est-ce que le tiers-état ? – TOUT. 2. Qu’a-t-il été jusqu’à présent dans l’ordre politique? – RIEN. 3. Que demande-t-il? – À ÊTRE QUELQUE CHOSE’ (‘What is the Third Estate? Everything. What has it been hitherto in the political order? Nothing. What does it desire to be? Something’). Abbé Siéyès, *Q’est-ce que le tiers-état? précédé de l’Essai sur les privilèges* (1788) <alphahistory.com/frenchrevolution/sieyes-what-is-the-third-estate/> [accessed 24/11/2021].

4 Collège de France, ‘Anciennes Chaires – Alfred Sauvy’ <college-de-france.fr/site/anciennes-chaire/alfred\_sauvy.htm> [accessed 05/04/2023].

9. *Countries in transition towards a market economy*: a euphemism for countries of Eastern Europe which, after the collapse of the USSR and the explosion of the Soviet bloc, underwent a process of capitalist revival.

For the CADTM, the distinction North/South, developed/developing countries also covers the domination by international financial institutions (IFI) such as the World Bank, the IMF and other creditors that enforce imperialist and neocolonial policies under the control of the major powers in the North.

In this book, in spite of their various shortcomings, the following terms are used as synonyms: *countries of the South*, *South(s)*, *Periphery*, *impoverished countries*, *developing countries*, *Third World*.

They are usually contrasted with: *countries of the North*, *North*, *Centre or Core countries* – also used as synonyms. This group is dominated by the main industrialized countries or imperialist countries. The United States, Western Europe and Japan are also referred to in this book as the ‘Triad’.

In spite of our reluctance and because of statistical data, the CADTM feel we have no choice but to use categories established by the World Bank. That is because the CADTM do not have the resources to set up our own database on a global scale, one that would take into account more relevant standards than those the World Bank use to establish categories of countries.

In 2020, according to the World Bank, ‘developing countries’ comprises three categories, according to the countries’ incomes, namely:

- 31 ‘low-income economies’ (countries where the GDP per capita is lower than or equal to \$1,025 per year);
- 47 ‘lower-middle-income economies’ (countries where the GDP per capita stands between \$1,026 and \$3,995 per year);
- 60 ‘upper-middle-income economies’ (countries where the GDP per capita stands between \$3,996 and \$12,375 per year).<sup>5</sup>

This classification ranks as ‘developing’ countries with economies as different from each other as Thailand and Haiti, Brazil and Niger, Russia and Bangladesh. The World Bank includes China among the 60 ‘higher-middle-income’ economies. We have decided to treat China on its own considering the country’s economic significance and the size of its population. According to our approach there are 137 countries of the South in 2020 (vs 138 according to the World Bank).

Schematically speaking, the South includes Latin America, the Caribbean, the Middle East, North Africa, Sub-Saharan Africa, South Asia, South-East Asia and the Pacific, Central Asia, Turkey and Central and Eastern European countries outside the EU, as well as Bulgaria and Romania, which are members of the EU (see the lists at the end of this Terminology section).

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5 World Bank, ‘World Bank country and lending groups,’ 2020 <[datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups](https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups)> [accessed 24/11/2021].



xx **Terminology: South/North – Developing/Developed. Just What Are We Talking About?**

When we use the term ‘North’ we mean the group of 80 countries identified by the World Bank as high-income economies, namely countries where the GDP per capita is over \$12,375 per year.

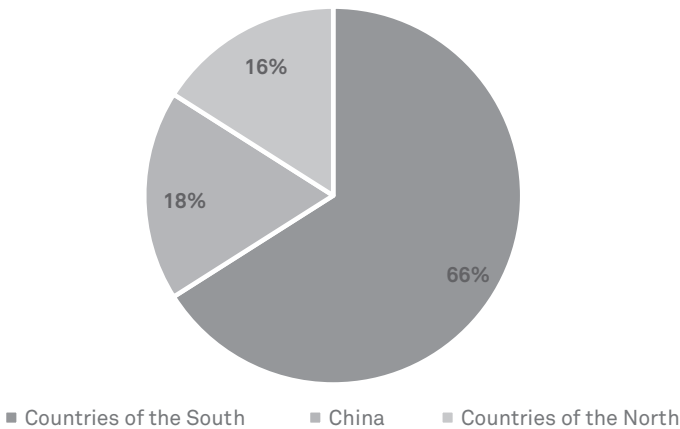
The North thus includes Western European countries, Central and Eastern European countries that are members of the EU (except Bulgaria and Romania), the United States of America, Canada, Japan, South Korea, Australia, New Zealand and some 40 countries at various latitudes. Not all of these countries are ‘industrialized’ in the sense that their economies comprise a significant manufacturing sector. Indeed, some of those countries are hardly industrialized at all, but they are regarded by international bodies as having achieved a high level of income either because they managed to attract foreign capital, notably through their status as tax havens (such as Panama, the Seychelles, the Bahamas and the Cayman Islands), or because they can rely on income from oil extraction (such as the Arab States of the Persian Gulf or Brunei in South-East Asia).

**WORLD DISTRIBUTION OF POPULATION, WEALTH AND CO2 EMISSIONS**

Of a world population estimated at about 7.8 billion in 2020, countries of the South account for about 66 per cent, China for about 18 per cent and countries of the North for about 16 per cent (see Figure 0.1).<sup>6</sup>

Gross domestic product (GDP) is traditionally the index used by many economists to assess the production of wealth in the world. However, it only provides an imperfect, biased and disputable perception, for at least five reasons:

- unpaid labour, mainly that of women, which is vital for social reproduction, is not taken into account;



**Figure 0.1** Distribution of world population in 2020

Source: United Nations, 2019

6 United Nations Organization, Department of Economic and Social Affairs, Population Division, *World Population Prospects 2019, Online Edition*, Rev. 1 <population.un.org/wpp/> [accessed 25/11/2021].

- environmental damage is not recorded as negative (see ‘Geographical breakdown of CO<sub>2</sub>e emissions’ below);
- the account unit used is the price of a good or service, not the amount of work required to produce it;
- inequalities within countries are not taken into account;
- the impact of debt on the progression of economic, political, social and cultural indices is excluded.

In spite of these shortcomings, the GDP reveals deep economic imbalances between the North and the South. The GDP, as well as other economic indices used in this study, is expressed in US dollars (USD) – except when otherwise specified – since nowadays about 60 per cent of foreign exchange reserves,<sup>7</sup> 88 per cent of international trade<sup>8</sup> and the majority of loans are denominated in that currency.

The accumulation of wealth is largely concentrated in the North, in almost inverse proportion to the distribution of population. While the share of the North in the accumulation of world wealth has decreased over the past years, it should be noted that the reason for this is not the accumulation of a larger share by countries of the South, but China’s strong economic growth (see Tables 0.1 and 0.2).

The per capita GDP figures shown in Table 0.2 reveal the huge economic gap between North and South.

**Table 0.1** Breakdown of gross world product by country category

Regions	Distribution of gross world product		
	In 2010	In 2018	In 2020
<b>Gross world GDP</b>	\$66,108.9 billion	\$85,968.7 billion	\$84,456.2 billion
<b>Countries of the North</b> <i>(high-income economies)</i>	68.8%	63.5%	63.3%
<b>China</b>	9.2%	16.2%	17.4%
<b>Countries of the South</b>	22%	20.4%	19.3%
<i>incl. higher-middle-income economies (except China)</i>	13.2%	11.3%	10%
<i>incl. lower-middle-income economies</i>	7.9%	8.5%	8.7%
<i>incl. low-income economies</i>	0.9%	0.5%	0.5%

Source: World Bank (totals and subtotals may not be consistent due to rounding)<sup>9</sup>

The Gross world product (GWP) is equal to the total of all gross domestic products (GDP) of all the states on the planet. It is expressed in US dollars (USD).

7 International Monetary Fund, ‘World Currency Composition of Official Foreign Exchange Reserves, 3rd term 2019’ <[data.imf.org/?sk=E6A5F467-C14B-4AA8-9F6D-5A09EC4E62A4](https://data.imf.org/?sk=E6A5F467-C14B-4AA8-9F6D-5A09EC4E62A4)> [accessed 25/11/2021].

8 Bank for International Settlements, *Triennial Central Bank Survey, Foreign Exchange Turnover in April 2019* (Bank for International Settlements, 16 September 2019) <[bis.org/statistics/rpfx19\\_fx.pdf](https://bis.org/statistics/rpfx19_fx.pdf)> [accessed 25/11/2021].

9 *World Bank Open Data* <[data.worldbank.org/](https://data.worldbank.org/)> [accessed 07/04/2022].

**Table 0.2** GDP per capita by country category

Region	GDP per capita (in USD)		
	In 2010	In 2018	In 2020
<b>World</b>	9,605.6	11,347.3	10,918.7
<b>North</b> ( <i>high-income economies</i> )	39,411.9	45,240.6	44,003.4
<b>China</b>	4,550.5	9,905.3	10,434.8
<b>South</b>	3,590.2	4,933.1	4,754.8
<i>incl. higher-middle-income economies (China included)</i>	6,324.5	9,468.9	9,177.8
<i>incl. lower-middle-income economies</i>	1,806.5	2,267.6	2,217.2
<i>incl. low-income economies</i>	1,125.4	674.4	691.2

Source: World Bank<sup>10</sup>**Geographical breakdown of CO<sub>2</sub>e emissions<sup>11</sup>**

We know that the countries currently emitting the most greenhouse gases are countries of the North, China, Brazil and India. Political leaders and CEOs in countries of the North frequently reiterate the notion that China now emits the most greenhouse gases (GHG) and should thus make the greatest effort to reduce those emissions and fight climate change. That discourse is actually a way of avoiding any acknowledgement of the historical responsibility of the countries of the North for GHG emissions going back to the Industrial Revolution in the nineteenth century (GHG remain present for decades in the atmosphere, and their consequences on climate change can persist 40 years after their emission). It also ignores the part played by China in the international division of labour: much of China's GHG emissions result from its manufacture of goods that are sold worldwide – and notably in the North where the domestic purchasing power is higher – by multinational corporations based in countries of the North.

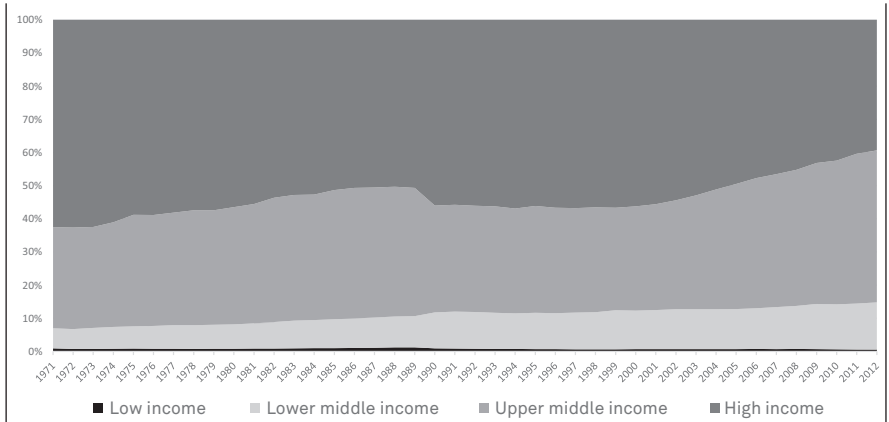
A more detailed analysis of CO<sub>2</sub>e emissions, taking 'imported emissions' into account,<sup>12</sup> further widens the gap between countries of the North and countries of the South (see Figures 0.2 and 0.3).

World population in 2019: Low-income countries: 668.45 million inhabitants, or 8.71%; Lower-middle-income countries: 2.91 billion inhabitants, or 37.97%; Higher-middle-income countries: 2.86 billion inhabitants, or 37.22%; High-income countries: 1.23 billion inhabitants, or 16.11%.

<sup>10</sup> World Bank Open Data <data.worldbank.org> [accessed 07/04/2022].

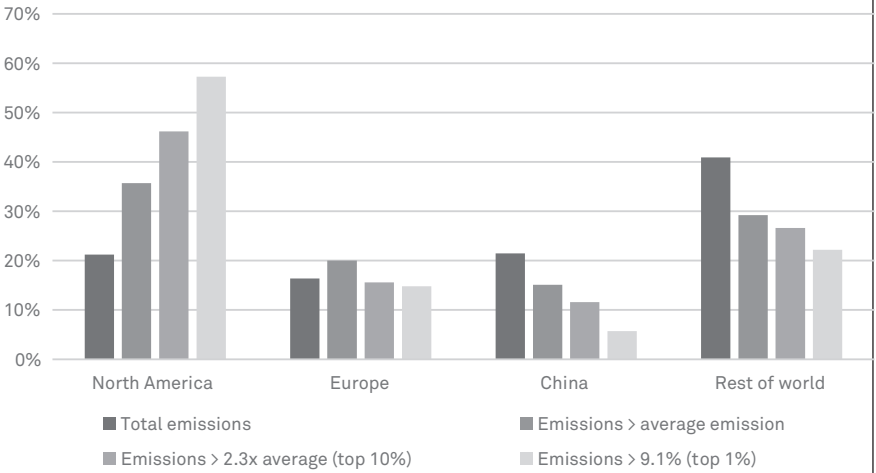
<sup>11</sup> CO<sub>2</sub>e, which stands for 'CO<sub>2</sub> equivalent', accounts for greenhouse gases (GHG) that are not taken into account if we only refer to CO<sub>2</sub>.

<sup>12</sup> An example of 'imported emissions' would be a US textile company that produces in China but whose products are sold in the USA.



**Figure 0.2** Geographical breakdown of CO2e emitters per country by income category, 1971–2012

Source: World Bank<sup>13</sup>



**Figure 0.3** Breakdown of carbon emissions worldwide, 2010–18<sup>14</sup>

13 World Bank, ‘World Development Indicators’ <[databank.worldbank.org](http://databank.worldbank.org)> [latest data available 16/12/2021].

14 Chart from Thomas Piketty, *Capital and Ideology* (Cambridge, MA: The Belknap Press of Harvard University Press, 2020), chapter 13 <[piketty.pse.ens.fr/en/ideologie](http://piketty.pse.ens.fr/en/ideologie)> [accessed 25/11/2021].

**Reading the chart:** The share of North America (US and Canada) in total carbon emissions (direct and indirect) is 21% on average for 2010–18; it represents 36% of individual emissions greater than the world average (6.2t CO<sub>2</sub>e per year), 46% of emissions greater than 2.3 times the world average (or the top 10% of individual emissions worldwide, responsible for 45% of total emissions, vs 13% for the least-emitting 50%), and a huge 57% of emissions greater than 9.1 times the world average (in other words, the top 1% of individual emissions worldwide are responsible for 14% of all emissions).

Similarly, the Global Footprint Network has developed an indicator which combines the Human Development Index (HDI) and countries' environmental footprints. The purpose of the HDI is to attempt to measure the level of countries' development not simply in terms of their economic weight as measured by the GDP, whose shortcomings have been pointed out; the HDI combines three series of data: health/longevity, knowledge or level of education, and standard of living. The HDI is calculated by the United Nations Development Programme (UNDP). Taking those two variants (the HDI and countries' environmental footprints) into account results in a very different analysis of 'development': in 2015, no single country in the world combined a high HDI and a sustainable environmental footprint. On the other hand, countries that were close to doing so were mainly located in Latin America, with Cuba in the lead.<sup>15</sup>

What this means is that the countries of the North have been able to achieve economic development and relatively high living standards at the cost of high GHG emissions. In the struggle against climate change, countries of the North have to reduce a much higher proportion of their emissions than do countries of the South if we are to achieve a transition to an energy system using 100 per cent renewable resources, but also improve living standards in countries of the South within the strictures of the necessary drastic reduction of emissions at a global level. It is essential to call out the responsibility of large capitalist corporations over the past two centuries. Very large corporations that emerged during the nineteenth century or at the beginning of the twentieth have a huge responsibility for GHG emissions. They include Cargill (founded in 1865), Coca-Cola (1886), Pepsi-Cola (1898), Monsanto (1901) and Unilever (1930) in the agri-food sector; ExxonMobil (1870), Chevron (1879), Shell (1907), BP (1909) and Total (1924) in the oil industry; ThyssenKrupp (1811) and ArcelorMittal (made up of various groups that developed in the first half of the twentieth century) in the steel and metal industry; in the automotive industry, Renault-Nissan-Mitsubishi (a group of three companies founded between 1870 and 1932), Ford (1903), General Motors (1908) and Volkswagen (1937); in the mining sector, Rio Tinto (1873) and BHP Billiton (1895). If we were to calculate the amount of GHG that these corporations have produced since they were founded, we would realize that it covers a very high proportion of the GHG that have accumulated in the atmosphere – a time bomb that eventually exploded. More recently we have to add to that a number of private or public companies in emergent capitalist

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15 See *Sustainable Development: Making it Measurable*, 'Human Development Index & ecological footprint per person for nations' (Global Footprint Network, 2015) <[footprintnetwork.org/content/images/article\\_uploads/2015\\_HDI\\_poster\\_final\\_low\\_res.pdf](http://footprintnetwork.org/content/images/article_uploads/2015_HDI_poster_final_low_res.pdf)> [accessed 25/11/2021].

countries which also have a highly damaging effect on the environment, such as Gazprom and Rosneft in Russia, Sinopec and PetroChina in China, Petrobras and Vale do Rio Doce in Brazil, and Coal India and Tata in India. Basically, whether in the North or in the South, the capitalist mode of production is responsible for the destruction of the Earth. Rather than blaming humankind at large for the ecological crisis, as is implicit in the use of the term 'anthropocene' to designate our epoch, we should instead use 'capitalocene', because it is the capitalist mode of production that is responsible for climate change.

### **BEYOND THE NORTH–SOUTH DIVIDE: CLASS EXPLOITATION IN ALL COUNTRIES**

Yet such a survey of the global economic situation is incomplete, since it bypasses the huge inequalities in income and wealth accumulation within nations. Capitalism has spread over the entire planet. It is a system under which the capitalist class, which accounts for a tiny minority of the population, gets richer and richer due to the wealth produced by the labour of the majority of the population, but also due to the exploitation of nature, without any concern for its physical limits. Dispossessed of ownership of the means of production, most people are forced to sell their labour power to capitalists (the owners of the means of production), who try to pay the workforce as little as possible, thus preventing the majority of the population from escaping the social conditions in which they find themselves. Conversely, wealth accumulated by capitalists makes it possible for them to invest in various sectors so as to diversify the sources of the profit they derive from exploiting both humans and nature.

In order to keep profits at their highest level and to make sure that this mode of production endures, the capitalist class try not only to pay the lowest wages possible, but also to prevent redistribution of wealth by paying as little tax as possible and by opposing social policies such as public services (whether housing, transport, health care or education). Capital also tries to prevent workers from organizing, in particular by attacking labour rights – the right to form trade unions, to go on strike, to engage in collective bargaining, etc. Conversely, workers must organize if they want to acquire social rights and fight those inequalities. This means that there is a class struggle at the international level, the intensity of which depends on the level of collective organization of working people in the face of blatant injustices in a given place and at a given time.

Economic inequalities between various groups can be measured in terms of the wealth possessed by individuals and the income they earn (income from labour – wages, pensions, various social benefits – and income from capital such as corporate profits, dividends received by shareholders, etc.)

The poorest groups among the world population own literally less than nothing: they are indebted and owe money to their creditors – generally banks; in other words, to the richest segment of the population. In the United States, about 12 per cent of

the population, over 38 million inhabitants, are indebted beyond what they can ever hope to repay.<sup>16</sup> Their debts (mostly student loans and mortgages) are so high that the cumulated assets of the poorer 50 per cent are negative (–0.1 per cent).<sup>17</sup>

That is why we should never oppose North and South as though they were homogeneous entities, but rather create a global ‘geography’: most decisions are made by a tiny minority in both the North and South (the 1 per cent) but have heavy negative consequences for the overwhelming majority of the population in the South as in the North (the 99 per cent). The system of domination and exploitation exists and is being reproduced within each country and each region (see Tables 0.3 and 0.4).

In India, for instance, a tiny minority is becoming phenomenally rich thanks to labour performed by hundreds of thousands of poor Indians. In January 2020 and in another region of the world, the International Consortium of Investigative Journalists (ICIJ) exposed the mechanisms of predation and spoliation used by

**Table 0.3** Inequality in the distribution of wealth

Respective shares of various groups in total wealth	USA (2014)	France (2014)	China (2014)	India (2012)
Top 10%	73%	55.3%	66.7%	62.8%
Top 1%	38.6%	23.4%	27.8%	30.7%
Next 9%	34.4%	31.9%	38.9%	32.1%
Middle 40%	27.1%	38.4%	26.7%	30.8%
Poorest 50%	–0.1%	6.3%	6.6%	6.4%

Source: World Inequality Database (the total in some columns may not equal 100% because of rounding)

**Table 0.4** Inequality in the distribution of income

Respective shares of total income held by various groups	World (2016)	EU28 (2016)	USA (2014)	China (2015)	India (2015)
Top 10%	52.1%	33.4%	47%	41.4%	56.1%
Top 1%	20.4%	10.3%	20.2%	13.9%	21.3%
Next 9%	31.7%	23.1%	26.8%	27.5%	34.8%
Middle 40%	38.2%	44.6%	40.4%	43.7%	29.2%
Poorest 50%	9.7%	22%	12.6%	14.8%	14.7%

Source: World Inequality Database (the total in some columns may not equal 100% because of rounding)

16 Chuck Collins, ‘Negative Wealth Matters’, Inequality.org, 28 January 2016 <[inequality.org/great-divide/negative-wealth-matters/](http://inequality.org/great-divide/negative-wealth-matters/)> [accessed 25/11/2021].

17 World Inequality Database <[wid.world](http://wid.world)> [accessed 25/11/2021].

Isabel dos Santos to become the richest woman in Africa, at the expense of the people in her country, Angola.<sup>18</sup>

In the United States, the world's leading economy, over 14 million households were unable to repay their mortgages and were evicted following the subprime crisis in 2006 (but massive foreclosures had occurred before and still occur today).

Beyond the distinction between geographical blocs, what is at stake is the exploitation of the overwhelming majority of the population, in the South as in the North, by a tiny minority of the capitalist class, also sometimes called the 1 per cent. This ruling class is motivated by a quest for maximum short-term profit. We have to understand and fight this division, otherwise we run the risk of not perceiving relevant alternatives in our struggle for the emancipation of the majority who are victims of exploitation and oppression.

### PATRIARCHAL DOMINANCE

Similarly, the oppression and exploitation of women everywhere in the world must be pointed to. The oppression of women goes back a long way and existed before capitalism, but the capitalist system has transformed and reinforced certain of its traits. We use the term 'patriarchy' to designate a form of social organization – the dominant form today – under which there is a binary division between 'men' and 'women', with constraining gender norms imposed on each. Under it, power – economic, political, familial, etc. – is mainly held by men. Women, and also minorities in terms of gender and sexual orientation, are subjected to a long list of forms of oppression. In the context of capitalism, patriarchy means that women and gender minorities are assigned most of the tasks related to 'social reproduction' (also referred to by the term 'care work' – see chapter 27 and the Glossary). These tasks (such as education, care-giving, food acquisition and preparation, etc.) produce and regenerate the living conditions of the labour force, and thus perpetuate capitalism. They are usually performed within the family, and are unpaid and unseen, but they are also performed by underpaid and undervalued workers in the health and education sectors, for example. That oppression is reproduced in several ways beyond strictly economic aspects: through language, filiation, stereotypes, religions, culture, etc. The oppression of women and the patriarchal system are part and parcel of capitalist exploitation, whether in the South or in the North, along with other mechanisms of domination such as racism. The consequences of illegitimate public and private debt reinforce the oppression of women.

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18 See Joan Tilouine, "'Luanda Leaks': la mainmise d'Isabel dos Santos, la femme la plus riche d'Afrique, sur les finances de l'Angola' ('Luanda Leaks: the control of Isabel dos Santos, Africa's richest woman, over Angola's finances') *Le Monde*, 19 January 2020 (in French) <[lemonde.fr/afrique/article/2020/01/19/luanda-leaks-la-mainmise-d-isabel-dos-santos-la-femme-la-plus-riche-d-afrique-sur-les-finances-de-l-angola\\_6026507\\_3212.html](http://lemonde.fr/afrique/article/2020/01/19/luanda-leaks-la-mainmise-d-isabel-dos-santos-la-femme-la-plus-riche-d-afrique-sur-les-finances-de-l-angola_6026507_3212.html)> [accessed 25/11/2021].