



PROBE international

225 Brunswick Avenue
Toronto, Ontario
Canada M5S 2M6
Phone: (416) 964-9223
Fax: (416) 964-8239

E-mail: ProbeInternational@nextcity.com
Web: www.nextcity.com/ProbeInternational

BOARD OF DIRECTORS

Chairman
Walter Pitman

President
Patricia Adams

Secretary-Treasurer
Annetta Turner

Max Allen
Producer, IDEAS,
CBC Radio

David E. Bronfman
Managing Director,
Bromedia Inc.

Georges Erasmus
Co-Chairman,
Royal Commission
on Aboriginal Peoples

David Nowlan
Professor of Economics,
University of Toronto

Clifford Orwin
Professor of
Political Science,
University of Toronto

Gail Regan
President,
Cara Holdings Ltd.

Andrew Roman
Barrister & Solicitor

Dear Probe International Supporter:

According to an internal World Bank report, more than 20% of World Bank loans to Suharto-led Indonesia were "diverted" to bureaucrats and politicians. Much of the corruption, said the report, occurs in a culture that "blatantly expects civil servants to supplement their incomes by such means." Of funds intended to compensate citizens whose land was expropriated for dams and forestry projects, government officials and their relatives pocketed an estimated 50% to 80%.

World Bank officials knew that corruption was common, but because they feared confronting the powerful Suharto regime, reports the *Wall Street Journal*, the World Bank stoked Indonesia's corruption and economically corrosive practices.

For decades our leaders and our aid institutions said dictators could coexist with development. Strong-armed governments, they argued, promoted development by providing stability. Countries like Thailand, Indonesia, and South Korea — so-called Asian tigers — were their star pupils. Then they supported the folly with billions of Canadian tax dollars from aid institutions such as Canada's CIDA and the World Bank, much of which went to hire Canadian firms at inflated prices.

Finally, last year, the economies of the Asian tigers went into free-fall, exposing the rot beneath these dictatorial economies. Ruthless, corrupt, and secretive governments ran their countries like personal fiefdoms, impoverishing the people and despoiling their environments.

Probe International supporters are not surprised by the Asian economic meltdown. For years, with your help, we have been exposing how the aid institutions, such as the World Bank and CIDA, have lent billions of dollars to unaccountable governments, for uneconomic projects that benefited private interests at public expense. They have used our tax dollars to build hydrodams that ran out of water, logging schemes that denuded tropical rainforests, and mines that spilled toxic wastes. They, and the Western firms that won contracts to build these projects, have disguised the true costs of their schemes by violating the traditional rights of innocent citizens to their rivers, forests, and farms. When these investments went belly up, Third World governments taxed their people to pay for them, and when taxes got too onerous, they went to the IMF for cash bailouts.

IMF bailouts only deepen the crisis. By organizing quick infusions of capital to rescue ailing institutions, the IMF has helped rescue the very cronies who pocketed the money and the foreign banks that made foolhardy loans. On this, the left and the right are united: the IMF has fuelled irresponsible lending. Ralph Nader opposes US funding of the IMF, and Milton Friedman, the Nobel prize winning economist, thinks it should be shut down altogether. Probe International agrees with both. Unfortunately, the Canadian government approved over \$4 billion in additional funding to the IMF this past June.

The time has come for the Canadian government to stop the patronage of its corporate buddies and to stop the bailout of imprudent commercial banks. We should stop refilling the coffers of institutions such as the World Bank and the IMF.

The time has also come for the Canadian government to stop coddling dictators. Chris Patten, Hong Kong's outspoken former governor, who infuriated the Chinese government by introducing democratic reforms before handing Hong Kong over to Chinese rule, says that Canada should stand up to "these paper tigers." When China intimidates the Canadian government into remaining silent about Chinese human rights abuses by threatening to deny Canadian firms hydropower contracts, Mr. Patten says, Canada and the other G7 countries should maintain solidarity and refuse to be played off against one another.

The Asian economic crisis proves that Asia needs greater democracy, he says. Open, transparent, clean government that upholds the rule of law will promote development and improve the lives of millions of people throughout the Third World. If you agree that the peoples of the Third World need true development, free of the corrupting influence of institutions that plunder their resources, please help. With your support, we've helped pressure these institutions to change some of their ways, but much, much more work needs to be done.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'P. Adams', with a stylized, flowing script.

Patricia Adams
Executive Director