

The IMF Meets Civil Society

The International Monetary Fund is an organization of its member countries, and its primary relationships are with governments. However, it also conducts a dialogue with civil society. Both the IMF and civil society have much to gain from developing this dialogue.

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ALTHOUGH THE IMF is accountable, above all, to the governments of its 182 member countries, which determine its policies and operations and provide its funding, interchanges between the IMF and civil society have grown considerably in the 1990s. This budding dialogue has much potential. The development of relationships between the IMF and civil society can both enhance the effectiveness of IMF programs and encourage democratic governance.

What is civil society?

Any discussion of “civil society” needs a working definition of the phrase. For present purposes, civil society refers to the broad collectivity of nonofficial, noncommercial, and more or less formally organized groups that seek in one way or another to reinforce

or alter existing rules, norms, and deeper social structures. The term “civic association” as used in this article refers to individual elements in civil society (Box 1).

Civil society encompasses tremendous diversity. Civic associations have widely differing objectives, sizes, memberships, resource levels, institutional forms, organizational cultures, campaign tactics, and so on. It is therefore difficult to generalize about civil society.

That said, we may loosely distinguish three types of civic organizations in terms of their general approach to the IMF. One group, whom we might call “conformers,” broadly endorses the IMF’s present aims and activities. Prominent examples include the Bretton Woods Committee and the Institute for International Economics. A second group, whom we might call “reformers,” accepts the need for an IMF-type agency but seeks to change the IMF’s operating procedures and/or policy directions. Leading campaigners for reform of the IMF include the International Confederation of Free Trade Unions and the Swiss Coalition of Development Organizations. A third category of civic associations, whom we might call “radicals,” advocate a substantial reduction of the IMF’s operations or even outright abolition of the institution. Prominent exponents of a radical agenda include the Cato Institute, from a libertarian position, and the Fifty Years Is Enough coalition, from a socialist perspective.

Rationales for dialogue

Why might the IMF wish to engage in relations with the various kinds of civil society organizations just described? We can identify six general reasons.



First, civic associations can provide the IMF with information that is useful in policy formulation, implementation, and review. Many of these organizations can collect and relay political and economic data that would otherwise not be available to the IMF.

Second, civil society groups can stimulate debate about policy, particularly by offering alternative perspectives, methodologies, and proposals. Such debate, by allowing diverse points of views to be heard, can enrich policymaking. It can provoke the IMF to clarify, explain, justify, and perhaps rethink its positions.

Third, civic organizations can provide channels through which stakeholders may voice their views on the IMF and have those opinions relayed to IMF staff. This input can help IMF officials gauge the political viability of proposed measures or programs.

Fourth, civic associations can play an important role by giving IMF activities legitimacy—or the reverse. Civil society can thus influence the respect accorded to IMF views, the success or failure of IMF-supported programs, the resources allocated to (or withheld from) the institution, and so on.

Fifth, civil society bodies can serve as agents of civic education, increasing public understanding of the IMF and its policies. Many civic associations have prepared handbooks, organized workshops, circulated newsletters, written press articles, maintained Internet sites, developed curricular material for schools, and so on, about the IMF.

Sixth, relations between the IMF and civic associations may reverberate throughout society to have a democratizing effect on the broader political scene. For instance, civil society groups that pursue a dialogue with the IMF may also seek greater openness and debate on other subjects, such as the government budget and other national and local accounts. In addition, by gaining recognition through their dialogue with the IMF, civic organizations can become empowered to represent their constituencies in other forums.

For all of these reasons, the IMF has an important stake in developing a dialogue with civil society. To be sure, the IMF continues to maintain its relations first and foremost with its member states. The challenge is to develop triangular partnerships between the IMF, states, and civil society that contribute to the development of effective and democratic policies in a globalizing world.

Overtures for dialogue

The IMF has already taken a number of steps toward realizing the various potential benefits of dialogue with civil society. Most of these initiatives have occurred in the 1990s, and at a generally accelerating rate.

For one thing, the institution has altered its language.

Box 1

Civil society and NGOs

Civil society should not be equated with another catchphrase of contemporary politics, namely the so-called NGOs (non-governmental organizations). To be sure, civil society does include development NGOs, women's NGOs, environmental NGOs, human rights NGOs, humanitarian relief NGOs, and so on. However, civil society also encompasses far more: trade unions, business associations (as distinct from firms), farmers' groups, religious bodies, academic institutions, student organizations, community groups, professional associations, political parties, ethnic lobbies, and so on.

Management and staff now regularly speak of "ownership," "transparency," "good governance," "stakeholders," and so on. This new vocabulary involves more than a public relations exercise. There is widespread recognition in today's IMF of the existence of civil society and of its significance for policy.

As further evidence of this recognition, the IMF has created several institutional points of contact where civil society can more readily access the organization. For example, the IMF established an External Relations Department in 1981 and formed a special Public Affairs Division within that department in 1989. Outside Washington, the IMF has increased the number of countries in which it has a resident representative, from around 20 in the early 1980s to 68 today.

The IMF has further opened up to civil society by greatly increasing its dissemination of information, thereby expanding the opportunities for constructive policy dialogue. It has greatly expanded its publications program, increased the number of press releases issued, and set

up an elaborate web site. Many official documents have been released, including the results of several retrospective policy evaluations. True, considerable IMF documentation is still withheld from the public—some of it arguably unnecessarily. Nevertheless, the IMF has become more open than many other monetary authorities and is today more transparent than was conceivable twenty years ago.

The IMF has also intensified its efforts to meet civil society organizations (Box 2). For one thing, the Managing Director and Deputy Managing Directors have increased their public activities, with more trips abroad, speeches, audiences, and press interviews. Likewise, the Executive Directors (members of the IMF's Executive Board), have made themselves more available for discussions with civic groups. At the staff level, operational departments of the IMF have briefed increasing numbers of interested representatives of civil society on policy developments. Management has also urged IMF teams on official visits to member countries to seek contact with civic associations during their missions. The External Relations Department has arranged media training for IMF officials and conducted information missions to a number of countries. Both in Washington and in the field, the IMF has organized numerous seminars for civic associations:

Why have a dialogue?

Contacts between the IMF and civil society can serve multiple purposes:

- information exchange
- policy debate
- channel of public opinion
- legitimization
- civic education
- general democratization

Box 2

The IMF and trade unions

The IMF's relations with trade unions illustrate the expansion of its contacts with civil society. Incidental exchanges between the IMF and the International Confederation of Free Trade Unions (ICFTU) date back to the early 1980s. However, the IMF's main overtures to organized labor have been more recent. Since 1992, the IMF has cosponsored several seminars for labor organizers. National and regional delegations of labor leaders have visited IMF headquarters in Washington with some regularity since 1993. In 1995, IMF management issued special instructions that the IMF's resident representatives should nurture contacts with trade unions in their countries of assignment. In 1996, the IMF's Managing Director addressed, for the first time, a World Congress of the ICFTU; he made an address to the World Confederation of Labor the following year.

academicians, labor unions, environmental groups, development NGOs, and others.

These discussions have not been one-sided, insofar as the IMF has responded (at least to some extent) to various suggestions received from civil society for policy changes. On various occasions, civic organizations (especially think tanks and business associations) have prompted alterations to details of the IMF's recommended monetary and fiscal measures and targets. The IMF has also enlarged its agenda and reshaped several broad policy lines—in part, at the urging of certain civil society groups—and is now devoting more attention to such issues as poverty, environmental degradation, social spending, military expenditures, corruption, and capital markets. Persistent pressure from religious institutions and development NGOs helped to put the question of heavy multilateral debt burdens for poor countries high on the IMF's agenda in the mid-1990s. The IMF's policy changes may often have fallen short of what civic groups had hoped for, but changes there have been.

Finally, through its contacts with civil society, the IMF has given greater consideration to the political context of policy formulation and implementation. Although more could be done in this area, some IMF staff now use inputs from civil society to assess the political viability of IMF policy recommendations.

In sum, the IMF has made important overtures to civil society. It has multiplied both the channels of contact and the actual interchanges with civic groups. These relations have, in turn, affected both the way the IMF operates and some of its decisions.

Limits to dialogue

Significant though these developments are, much more can be done to develop a dialogue between the IMF and civil society. Three general problems, in particular, may be highlighted—exclusions, shallowness, and insufficient reciprocity. It should be stressed straightaway that these limitations have resulted chiefly from resource constraints and ingrained habits rather than from ill will on the part of either IMF officials or civil society organizers.

With respect to problems of exclusion, the various groups that make up civil society have to date had unequal opportunities to participate in a dialogue with the IMF. In a rough ranking, academic institutions and business associations have tended to have the easiest access to the IMF. Trade unions have generally occupied second place. Religious groups (mainly Christian), development NGOs, and environmental NGOs have generally come third. Meanwhile, many other

potential—and potentially helpful—groups in civil society have had almost no dialogue with the IMF; these have included, among others, smallholder associations and women's movements. Other inequalities in the IMF-civil society dialogue have favored associations based in the North over groups located in the South. Likewise, organizations based in urban areas (especially capital cities) have generally had greater access than groups in rural areas.

Regarding problems of shallowness, many persons in both the IMF and civil society remain inadequately informed about each

other and do not give sufficient priority to developing their relationships. In spite of the initiatives described above, the IMF-civil society dialogue has on the whole been only weakly institutionalized and haphazardly sustained. IMF initiatives toward civil society have often been overly incremental, reactive, and improvised. The IMF's Executive Board has not yet formally articulated what purposes contacts with civil society should serve, nor has management carefully considered what institutional mechanisms would best advance the dialogue.

With respect to shortfalls in reciprocity, many persons in both the IMF and civil society have continued to show limited openness toward each other. The parties have too frequently entered discussions with inadequate readiness to listen to, learn from, or be changed by one another. In short, exchanges between the IMF and civic groups have often involved insufficient negotiation of differences. After all, consensus is not normally reached by bringing one party around to the other's unchanged position. The common ground may well lie at a considerable distance from the starting points of the different parties.

As emphasized earlier, exchanges between the IMF and civil society have gained in substance in recent years. However, in the absence of wider participation, deeper foundations, and greater flexibility, the dialogue will not realize its full potential for enhancing policy effectiveness and democracy. Clues on how to develop the dialogue further may be gleaned by examining the circumstances that have limited it to date.

Inadequate resources have been an important constraint on the development of contacts between the IMF and civil society. For example, both the IMF and most civic organizations have been severely hampered by shortages of relevant personnel, finances, information bases, and so on. The IMF cannot hope to obtain best results in dialogue with civic groups from already overworked staff members, inadequate budget allocations, and an absence of detailed knowledge about civil society in various countries.

Yet the constraints on dialogue between the IMF and civil society also run deeper than resource limitations. For example, the unequal access described earlier has resulted largely from embedded social hierarchies. The culture of secrecy that has long enveloped monetary and financial regulation has also created obstacles to a fuller dialogue. Traditionally, agencies like the IMF have not been geared to public affairs, and institutional cultures do not change overnight.

Meanwhile, civil society organizations face the important challenge of ensuring their democratic credentials. These associations do not always adequately practice the participation, consultation, representativeness, transparency, and accountability that many of them demand of governments and the IMF. Officials of the IMF are understandably nervous that they may unwittingly become engaged with “uncivil society.”

Next steps

The IMF has developed some important relationships with civil society. Not surprisingly, however, given its short history, this dialogue has much unrealized potential and could

Fourth, the IMF could release, as a matter of course, certain documents that civil society needs to provide informed input on IMF policies. In this regard, the IMF could publish (expunging any market-sensitive details) all letters of intent (letters prepared by governments setting out the details of economic programs agreed with the IMF) and policy framework papers (papers prepared by borrowing governments, with the support of IMF and World Bank staff, describing their structural adjustment strategy over a three-year period). Likewise, staff reports and press information notices could be made available with respect to all countries’ Article IV consultations (regularly scheduled meetings between IMF staff members and government officials to review countries’ exchange rate policies and gather economic information). Greater transparency would do much to clear away the mystery and fear that often becloud perceptions of the IMF.

Fifth, the IMF might undertake a pilot program under which several specifically designated “civil society liaison officials” would be appointed to the IMF staff. Such an official would be temporarily included in the IMF team working on a given country, with the government’s agreement. During the assignment, the official would gather input from, and disseminate information to, civil groups in the country. The aim would be to increase mutual understanding between the IMF and civil society and thereby improve the chances of success of IMF-supported policies. In addition to having both an interest in, and an understanding of, civil society, appointees would need to have a thorough understanding of the IMF and the ability to be easily integrated into a country team and to translate suggestions from civil groups into terms that can be applied to program formulation and implementation—and they must be capable of winning the trust of both supporters and critics of the IMF.

A number of other low-cost proposals are also available to enhance the IMF’s dialogue with civil society. The returns in terms of increased policy effectiveness and democracy can be great. It is to be hoped that the IMF will continue on a course that has already helped to involve civil society more directly in the regulation of monetary and financial affairs. **F&D**



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Moving ahead

In further developing its relations with civil society, the IMF could, at little cost:

- clarify its objectives;
- gather more information;
- consult more with other multilateral agencies;
- release more documentation; and
- integrate a “civil society official” into selected country teams.

be significantly improved. What sorts of initiatives can the IMF take to this end? Given the severe resource constraints under which both the IMF and civil society labor, what can be done in the short and medium term?

First, the IMF could give careful thought to clarifying its objectives. It would be helpful to staff members if the Executive Board would formulate a statement of general guidelines and instructions concerning relations with civil society.

Second, the IMF could expand and systematize its information on civil society. This task would probably be done most efficiently in collaboration with other multilateral agencies—for example, through an upgraded United Nations Non-Governmental Liaison Service.

Third, IMF staff members could draw more on the experience of other agencies that have more highly developed contacts with civil society—for example, the United Nations Children’s Fund (UNICEF), the United Nations High Commissioner for Refugees (UNHCR), the United Nations Development Program (UNDP), and the World Bank.