

Köhler meets with parliamentarians

On March 9–10, 140 members of parliament from around the world gathered in Athens for the fourth annual conference of the Parliamentary Network on the World Bank—a group formed to help the international organization and parliamentarians understand each other better. This informal network of about 400 legislators in 60 industrial, developing, and transition countries focuses on development issues in general and the work of the World Bank in particular. This year, however, the network's members wanted to hear from the Bank's sister organization as well. In response to an invitation, IMF Managing Director Horst Köhler addressed the meeting and participated in a question-and-answer session.

The Athens meeting of legislators, which also drew participants from nongovernmental organizations and think tanks, focused on a range of development-related issues—including trade, aid, and the Millennium Development Goals—and the role of parliaments in identifying and implementing more effective solutions. There was a general feeling that parliamentarians could play a bigger role than they had in the past. But participants voiced their frustrations, too, commenting on a lack of information about country negotiations with the World Bank and the IMF and complaining that executive branches typically did not share information, especially on the budget. (Several legislators, in fact, appealed to the heads of the Bretton Woods institutions for help in getting more access to information from their governments.) Developing country parliamentarians also noted that their small staffs and scant resources made research and analysis difficult and prevented them from playing a more effective role in complex policy debates.

Listening and learning

Köhler's active participation in the Athens meeting is in keeping with recent IMF efforts to reach out to parliamentarians and engage in two-way exchanges of views. The IMF recognizes that, in all democratic countries, parliaments are asked to pass budgets and approve major economic reforms, notably those undertaken in the context of IMF-supported adjustment programs. More dialogue between the IMF and parliaments helps the IMF better understand country constraints and enables legislators to better appreciate the trade-offs implicit in economic policy choices.

In his remarks, Köhler stressed that the IMF is a learning institution. It has no illusions, he said, that it holds all the answers to globalization's many challenges. He also called upon parliamentarians and others not to discount the goodwill of the institution and its staff.

In an hour-long question-and-answer session, Köhler fielded queries and comments on a range of topics. A Ugandan parliamentarian complimented the Managing Director on his frankness and commitment to a "more flexible, learning IMF." But what you say, he noted, does not correspond with reality. He cited an example of his own government's telling parliament that a specific offer of grant

aid could not be accepted for HIV/AIDS because the IMF viewed it as a risk to macroeconomic stability. That simply is not true, Köhler said. He observed that governments, for reasons of their own, often used the IMF as a scapegoat.

Others wanted to know why, in times of crisis, the IMF appears to focus on fiscal deficits, when citizens want improved conditions. Specifically, one legislator asked if there was a disconnect between the IMF's insistence that Brazil maintain a large primary surplus and the wishes of the people who elected Lula da Silva to deliver on social programs. Köhler said he was deeply impressed with Brazil's new president; Lula da Silva understands that sound institutions, the rule of law, and macroeconomic stability are important. The challenge for Brazil, Köhler said, will be to restore economic growth with social equity. The country can rely on the IMF's support during these difficult times.

More broadly, other legislators wondered how the IMF took into account political realities facing countries. There is no one-size-fits-all approach to problems, Köhler emphasized, and too often political reality is used as an excuse for lack of political will or action. There must be an appropriate balance, he said, between the IMF's willingness to listen to a



Monica Frassoni, Member of the European Parliament, chaired the session with the IMF's Managing Director.

country and to take into account practical constraints, and a country's political will and commitment to tackle reforms.

Köhler also expressed sympathy for the widely expressed complaint that parliamentarians were often asked to pass budgets with little hard data on which to base decisions. He urged legislatures to press executive branches to adopt the IMF's Code of Good Practices in Fiscal Transparency. Transparency is vital for good policymaking, he said, but so, too, is responsible legislating. Parliamentarians need to consider the wider and longer-term economic implications when they vote to increase spending.

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The videotaped sessions of portions of the Athens annual conference are available on the Parliamentary Network on the World Bank's website (www.pnowb.org). The text of Horst Köhler's remarks, as prepared for delivery, is available on the IMF's website at imf.org/external/np/speeches/2003/030903.htm.