ENGLISH LEARNING FOR CURIOUS MINDS



Episode #76
The World Bank
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Transcript

[00:00:00] Hello, hello, hello and welcome to English Learning for Curious Minds by Leonardo English, the show where you can listen to fascinating stories and learn weird and wonderful things about the world at the same time as improving your English.

[00:00:22] I'm Alastair Budge and today we are going to be talking about The World Bank.

[00:00:28] Now you have probably heard of The World Bank.

[00:00:32] You'll have heard the name on the news, read about it in the newspaper perhaps, but do you really know what it does?

[00:00:41] It might sound like a dreadfully boring **institution**[1] but it is an important one and it has had a huge impact on countries all over the world.

[00:00:52] So in today's episode we are going to **lift the curtain**[2] and find out everything about The World Bank.

[00:01:01] Before we get right into that though, let me just remind you that you can get all of the bonus episodes, plus subtitles, transcripts, and key vocabulary over on the website, which is leonardoenglish.com.

[1] a large, important organisation

[2] reveal what is hidden and show how it really works

[00:01:15] This is also where you can check out becoming a member of Leonardo English, and join a community of curious minds from all over the world, doing meetups, exchanging ideas, and generally, improving their English in a more interesting way.

[00:01:31] So if that is of interest, and I certainly hope it is, then the place to go to is leonardoenglish.com.

[00:01:40] Right then let's get started.

[00:01:43] Let's begin with a few facts and a bit of history, and then we can get into a couple of stories that will help bring this to life.

[00:01:54] So, The World Bank is, of course, a bank.

[00:01:58] But it’s not a bank like the one that you or I might have an account with.

[00:02:03] It’s a lot more than that, and it’s a lot more exciting than your or my bank.

[00:02:08] The World Bank was created towards the end of the Second World War, in 1944.

[00:02:16] It came out of a long conference at a place called Bretton Woods, in the United States, where economists and leaders from countries all over the world came to try to agree on a global financial system for after the war was over.

[00:02:34] They agreed on lots of different things, and we aren't going to go into everything in today's episode.

[00:02:41] But what was clear was that large parts of the world, especially in Europe, had been **ravaged**[3] by years of war.

[00:02:51] Towns, cities, and industries were destroyed.

[00:02:56] Countries had been spending all of their money fighting World War Two, and were now not only without any of the factories or industry to get back on their feet, but they also didn't have any money to invest in this recovery.

[00:03:13] And if the **aftermath**[4] of World War One had taught people anything, it is that it is in everyone's interest for countries to grow and **prosper**[5].

[00:03:25] After the Treaty of Versailles, Germany was put into such a **binding**[6] position that it was always going to struggle to recover, which led to **hyperinflation**[7], the rise of the Nazis, and well we all know what happened next.

[3] badly damaged or destroyed

[4] the period after a bad event and the problems it caused

[5] become successful and rich

[6] restrictive and hard to escape from

[7] extremely fast rises in prices

[00:03:41] So, with this learning, a group of Allied countries set out to try to avoid this happening again, and to figure out a way to **jump-start**[8] the economic recovery of **war-ravaged**[9] Europe.

[00:03:57] This was one of the main objectives of the Bretton Woods conference.

[00:04:03] Probably the two most important, and most famous things to come out of this conference were the World Bank, and The IMF, the International Monetary Fund.

[00:04:16] Now, it's worth just explaining the difference between the two because, well, it's not all that clear.

[00:04:24] The IMF even has a big page on its website saying how it's different to the World Bank, and says that even John Maynard Keynes, one of the most famous economists of the twentieth century, and a founding father of both **institutions**[10], even he was confused by the names.

[00:04:44] The easiest way to think about the difference between the two is that the IMF is a sort of **regulatory**[11] organisation that has the job of making sure that the international monetary system works - it makes sure that currencies don't collapse, and that things just **tick over**[12] in the background.

[8] quickly start or speed up

[9] badly damaged by fighting

[10] large, important organisations

[11] responsible for making sure rules are followed

[12] keep working steadily without problems

[00:05:06] That, of course, is a great simplification, but you **get my drift**[13].

[00:05:11] The World Bank has a different objective, and that is to help countries develop.

[00:05:18] Now, we'll come on to the criticisms that it has faced in a minute, but at least this is the **stated**[14] objective.

[00:05:26] Now, at least, the World Bank has only two goals that it wants to achieve by the year 2030.

[00:05:36] The first goal is to "end extreme poverty by decreasing the percentage of people living on less than $1.90 a day to no more than 3 percent."

[00:05:49] And the second goal is to "Promote shared **prosperity**[15] by **fostering**[16] the income growth of the bottom 40 percent for every country".

[00:06:00] So, its mission now is to help the people in the world that most need its help. The world's poorest people, and also the bottom 40 percent of people in every country.

[00:06:12] When it was first created, in 1944, the mission was similar, but slightly different.

[13] understand the general meaning of what I am saying

[14] officially announced

[15] wealth and success

[16] encouraging and helping to develop

[00:06:21] It was to get the **war-torn**[17] countries back on their feet, giving them low-interest loans to invest in repairing their countries, and allowing them to build factories, schools, hospitals, and all the things that a functioning society needs.

[00:06:40] After these European countries got back on their feet, the World Bank turned its attention towards what they called at the time developing countries.

[00:06:51] The principle of how they helped these countries was the same as what they had done in Europe. They are a bank, of sorts at least, and they gave these countries low-interest loans so they could invest in their development.

[00:07:09] The broad idea behind it was that poor countries need infrastructure to develop, so roads, railways, power stations and so on - but they didn't have the money to invest in these kind of things, and so they would really struggle to get out of this cycle of poverty, and to move from 'developing country' to 'developed country'.

[00:07:33] The World Bank had the money, and so if it could just transfer this money to the countries that needed it, then they would be able to invest in the things that they needed to develop, they would repay the loans, because they were now making more money, and everyone would be happy ever after.

[00:07:53] That was the idea.

[17] badly harmed by years of fighting

[00:07:55] But, as is often the case, things that look good on paper, don't always work out so well in the real world, and the World Bank has come under a lot of criticism for the way in which it dealt with countries, and the impact of these World Bank loans has not always been as **anticipated**[18].

[00:08:18] The first thing to say is that World Bank loans normally require some form of what's called Structural Adjustment.

[00:08:28] That might sound like a complicated term, but you could just translate it into plain English as 'if we give you this money, we need you to make some changes to how you operate'.

[00:08:40] These changes normally involved things like opening up that country's economy to foreign companies, and things like privatising public assets.

[00:08:53] The theory goes that private companies are more efficient than governments, and so by opening up an economy to market competition, that country would become more efficient, develop faster, and everyone would benefit.

[00:09:10] The country would continue to grow, as they had more money to invest in infrastructure, that they so desperately needed.

[00:09:18] The citizens' incomes would rise, because there were more jobs available.

[18] expected

[00:09:23] The companies would be happy, because they would be able to access new projects in these countries.

[00:09:29] And the World Bank would be happy, because its loans would be repaid, as the country would now be making enough money to repay them.

[00:09:38] Everyone wins, right?

[00:09:40] Of course, this didn't always happen.

[00:09:43] One of the most famous examples of the impact of this Structural Adjustment is in Bolivia, with the Cochabamba Water War.

[00:09:53] Bolivia had been struggling with poor economic growth ever since it escaped from its military dictatorship. It had been going through a period of **hyperinflation**, with rates at 25,000% per year.

[00:10:09] With such a problematic economy, no other country or financial **institution** was willing to lend Bolivia money, so it turned to The World Bank.

[00:10:22] The World Bank agreed to provide it with a series of loans, however these came with strict conditions, including opening up the economy to private companies.

[00:10:36] In the city of Cochabamba, which is the third largest in Bolivia, access to water supplies was very poor, and as part of the condition of the World Bank loan, it required the privatisation of the water supply.

[00:10:53] Control over the water was given to a giant **consortium**[19] of international companies led by an American company called Bechtel.

[00:11:05] They planned to make significant investments in the water supplies, including building a huge new dam. As part of this, and in order to **recoup**[20] the money that they would be investing, they decided to raise the price of water by about 35 percent.

[00:11:25] This meant that water would cost about $20 a month. They thought - $20 a month, that's not that much, and they seemed to just assume that this would be all ok with the local people.

[00:11:42] It wasn't.

[00:11:43] $20 was more than the average person in Cochabamba spent on food per month, and the average wage was around $100 a month. People simply couldn't afford it.

[00:11:57] The managers of this private company seemed to not understand the **gravity**[21] of the situation, and one foreign manager said "if they don't pay, we'll just turn the water off".

[19] a group of companies working together on a project

[20] get back

[21] seriousness

[00:12:11] What's more, the Bolivian government passed a law that said that this foreign company had the rights to all of the water in the area - even the water that fell from the sky and would be collected by individuals in buckets, even that water was technically owned by this foreign company.

[00:12:33] Enough was enough for the local people.

[00:12:37] How was it possibly fair that the rain was now owned by a foreign company? They were **extorting**[22] money from the common people, and this was all **enabled**[23] by taking the money from the World Bank.

[00:12:52] There were riots in the street, and a seventeen year old boy was killed by the police.

[00:12:59] The protests did work, and finally the Bolivian government agreed to the protestors' demands, and the control of the water supply was handed back to the people.

[00:13:12] There have been **numerous**[24] **incidents**[25] like this over the past few decades, cases of World Bank loans coming with these strict conditions, and the life for common

[22] taking, using unfair pressure or threats

[23] made possible

[24] many

[25] events, especially bad or unusual ones

people, the very people that the Bank is **pledging**[26] to support, getting worse, not better.

[00:13:32] But, in the interests of diplomacy, let's for one minute take the side of the World Bank, and try to understand why these structural adjustment requirements are part of the deal.

[00:13:46] Firstly, the Bank is a bank, not a charity. The money isn't money that's coming from nowhere, it is **financed**[27] partly from the bank's members, and also from other loans from investors.

[00:14:01] The Bank wants to get its money back, and its view is that it has the best possible chance of doing so if it requires the country to whom it is lending the money to make some changes to its economy.

[00:14:16] So from this point of view, it is sort of understandable. They aren't doing it for completely no reason.

[00:14:24] The final question I guess we need to ask ourselves, though, is do World Bank loans work?

[26] promising
[27] paid for

[00:14:33] If we take the example of the first ever World Bank loan, to France back in 1947, in order to rebuild its economy after the end of World War Two, you would probably say, sure.

[00:14:48] France is the world's 7th largest economy, and people there generally enjoy a pretty high standard of living.

[00:14:57] But looking at some of the more recent World Bank projects, the results aren't always so clear.

[00:15:06] Not only are the examples of countries that have pulled themselves out of poverty thanks to World Bank loans quite rare, there aren't very many of them, but this debt, the loans from the World Bank, it doesn't just go away.

[00:15:23] The interest needs to be paid every year, and if a country hasn't managed to improve its economic **outlook**[28], and generate more money, then it still needs to pay.

[00:15:36] The result of this is that many countries, especially in sub-Saharan Africa are stuck with these huge debt repayments, and in many countries of the **global South**[29], the amount spent each year repaying public debt comes to more than the amount spent on education, health, rural development and job creation all put together.

[28] likely future situation

[29] the poorer, developing part of the world, mostly in Africa, Asia and Latin America

[00:16:04] So these countries are spending more on repaying these loans than they are now on investing in their people, which, of course, is the complete opposite of the originally intended purpose of the World Bank.

[00:16:20] So the World Bank is not without some fair criticism, and it is obvious that it is far from perfect.

[00:16:30] Its aims may be positive - and to remind you, they are, by the year 2030- and I'm quoting directly here - they are to “end extreme poverty by decreasing the percentage of people living on less than $1.90 a day to no more than 3 percent” and to “Promote shared **prosperity** by **fostering** the income growth of the bottom 40 percent for every country”

[00:16:57] So their aims may be good, but it is clear that their methods come with a cost.

[00:17:04] And if you ask the people of Cochabamba, I think you’d probably find them saying that the cost is not one that they would be willing to pay.

[00:17:16] OK then, that is it for the World Bank.

[00:17:20] We have, of course, only **scratched the surface**[30].

[30] dealt with a small part of the subject

[00:17:24] It is a huge organisation, involved in a vast amount of different projects and activities but I hope this has at least given you an idea of what it does, how it does it, and what some of the impacts are for people all over the world.

[00:17:42] As always I would love to know what you thought of the show.

[00:17:46] You can email hi@leonardoenglish.com.

[00:17:50] And as a final reminder, if you are looking to improve your English in a more interesting way, and join a community of curious minds from all over the world, and get access to transcripts, subtitles, key vocabulary, and more then the place to go to is leonardoenglish.com.

[00:18:10] You've been listening to English Learning for Curious Minds by Leonardo English.

[00:18:16] I'm Alastair Budge, you stay safe and I'll catch you in the next episode.

[END OF PODCAST]

[END OF EPISODE]

Key vocabulary

Word	Definition
Institution	a large, important organisation
Lift the curtain	reveal what is hidden and show how it really works
Ravaged	badly damaged or destroyed
Aftermath	the period after a bad event and the problems it caused
Prosper	become successful and rich
Binding	restrictive and hard to escape from
Hyperinflation	extremely fast rises in prices
Jump-start	quickly start or speed up
War-ravaged	badly damaged by fighting
Institutions	large, important organisations
Regulatory	responsible for making sure rules are followed

Tick over	keep working steadily without problems
Get my drift	understand the general meaning of what I am saying
Stated	officially announced
Prosperity	wealth and success
Fostering	encouraging and helping to develop
War-torn	badly harmed by years of fighting
Anticipated	expected
Consortium	a group of companies working together on a project
Recoup	get back
Gravity	seriousness
Extorting	taking, using unfair pressure or threats

Enabled	made possible
Numerous	many
Incidents	events, especially bad or unusual ones
Pledging	promising
Financed	paid for
Outlook	likely future situation
Global South	the poorer, developing part of the world, mostly in Africa, Asia and Latin America
Scratched the surface	dealt with a small part of the subject

Language spotlight

1. Lift the curtain

- **Meaning**: To reveal something that was hidden or secret, so that people can see how it really works.
- **Synonyms**: reveal, uncover, expose
- **Antonyms**: cover up, hide, conceal
- **Examples**:
    - The documentary **lifts the curtain** on how fast food is really made.
    - In her new book, the former minister **lifts the curtain** on life inside the government.

2. Jump-start

- **Meaning**: To make something start working or growing quickly, especially after it has stopped or slowed down.
- **Synonyms**: kick-start, boost, revive
- **Antonyms**: slow down, hold back, stall
- **Examples**:
    - The government cut taxes to **jump-start** the economy.
    - A week by the sea **jump-started** my interest in painting again.

3. Tick over

- **Meaning**: To keep working steadily at a basic level, without problems and without much change.
- **Synonyms**: keep going, run smoothly, carry on
- **Antonyms**: break down, grind to a halt, collapse
- **Examples**:
    - While the owner was on holiday, her assistant kept the shop **ticking over**.
    - Sales are not growing, but the business is **ticking over** nicely.

4. Get my drift

- **Meaning**: To understand the general meaning of what someone is saying, even if they have not explained every detail.
- **Synonyms**: follow me, see what I mean, get the picture
- **Antonyms**: miss the point, misunderstand, lose the thread
- **Examples**:
    - He's not the most reliable person, if you **get my drift**.
    - I didn't understand every word of the lecture, but I **got the drift**.

5. Scratch the surface

- **Meaning**: To deal with only a small part of a subject or problem, leaving most of it untouched.
- **Synonyms**: touch on, skim over, deal with briefly
- **Antonyms**: go into depth, cover thoroughly, explore fully
- **Examples**:
    - This short course only **scratches the surface** of Italian history.
    - We've **scratched the surface** of the problem, but there is much more work to do.

Quiz

Listening Comprehension Multiple Choice Questions

1. Where was the World Bank created?

a) At a peace meeting held at Versailles after World War One

b) At a long conference at Bretton Woods in the United States

c) At a meeting of European banks held in Paris in 1947

d) At a gathering of IMF leaders held in Bolivia in 1944

2. According to the episode, what is the main difference between the IMF and the World Bank?

a) The IMF helps countries develop, while the World Bank protects currencies

b) The IMF lends only to Europe, while the World Bank lends only to Africa

c) The IMF keeps the money system working, while the World Bank helps countries develop

d) The IMF is a charity, while the World Bank is a private company owned by investors

3. What did World Bank loans normally require from the countries that received them?

a) Changes to their economy, such as opening it up to foreign companies

b) A promise to spend all of the money on schools and hospitals

c) Agreement to repay the whole loan within the first five years

d) Permission for World Bank staff to run their national governments

4. Why did the consortium in Cochabamba decide to raise the price of water?

a) A long drought had left the city with very little water

b) The Bolivian government had introduced a new tax on water

c) The World Bank had ordered it to charge every household more

d) It wanted to get back the money it was going to invest

5. What does the episode say about many countries in the global South?

a) They have repaid all their World Bank loans and no longer need any help

b) They spend more on debt repayments than on health, education and jobs together

c) They are no longer allowed to borrow any money at all from the World Bank

d) They spend more each year on their armies than on repaying their public debt

True or False

6. The World Bank was created in 1944, towards the end of the Second World War. (True/False)

7. John Maynard Keynes was never confused by the names of the IMF and the World Bank. (True/False)

8. In Cochabamba, water at about $20 a month cost less than the average person spent on food per month. (True/False)

9. After the protests, control of the water supply in Cochabamba was handed back to the people. (True/False)

10. The first ever World Bank loan went to France in 1947. (True/False)

Fill in the Blanks

11. So in today's episode we are going to lift the _____ and find out everything about The World Bank.

12. It makes sure that currencies don't collapse, and that things just tick ____ in the background.

13. That, of course, is a great simplification, but you get my _____.

14. The managers of this private company seemed to not understand the _____ of the situation

15. We have, of course, only scratched the _____.

Vocabulary Practice

16. What does "**ravaged**" mean when the episode describes large parts of Europe after years of war?

a) Quickly rebuilt

b) Divided between rivals

c) Left empty of people

d) Badly damaged or destroyed

17. In the podcast, what does "**consortium**" mean?

a) A group of companies working together

b) A government office that controls water

c) A bank that lends to poor countries

d) A company owned by a single family

18. What does "**recoup**" mean when the episode talks about the money the companies would be investing?

a) Spend quickly

b) Give away

c) Get back

d) Borrow

19. What does "**extorting**" mean when the people of Cochabamba describe the foreign company?

a) Lending money at a low rate of interest

b) Taking money using unfair pressure or threats

c) Collecting money to give to charities

d) Paying back money that it owed

20. What does "**outlook**" mean in "improve its economic **outlook**"?

a) Past debts

b) Official currency

c) View from a window

d) Likely future situation

Answers

1. b) At a long conference at Bretton Woods in the United States
2. c) The IMF keeps the money system working, while the World Bank helps countries develop
3. a) Changes to their economy, such as opening it up to foreign companies
4. d) It wanted to get back the money it was going to invest
5. b) They spend more on debt repayments than on health, education and jobs together
6. True
7. False
8. False
9. True
10. True
11. curtain
12. over
13. drift
14. gravity
15. surface
16. d) Badly damaged or destroyed
17. a) A group of companies working together

18. c) Get back

19. b) Taking money using unfair pressure or threats

20. d) Likely future situation