

# The IMF dictates more than ever

samedi 19 février 2011, par [DUVAL Jérôme](#) (Date de rédaction antérieure : 6 février 2011).

**As an instrument of the big creditors, the IMF tramples on basic human rights to enforce neoliberal policy in the North and in the South.**

Sommaire

- [1982 : the debt crisis erupts](#)
- [The IMF and the crisis](#)

The superpowers have used the current crisis to move the International Monetary Fund (IMF) back into the center of politics. Its legitimation has fallen intensely for years. Together with the European Union, the IMF enforces its austerity policy in Europe and in the South. The IMF is ready to carry out its goals even against resistance and single-mindedly pursues the same neoliberal policy implemented since the 1980s with its “structural adjustment programs” in developing countries. In the North these programs are called the “austerity course” or “austerity measures.” The IMF increases the pressure by blocking its credits - irrespective of the resulting social consequences - in the case of refusal or disobedience as in 2001 in Argentina or in 2009 in the Ukraine and Rumania. This happens although the blatant failures of this policy have often been documented. Everywhere the gulf between poor and rich deepens and poverty increases.

“If one sees the IMF’s goal as serving the world of finance, one finds meaning in actions that otherwise seem contradictory and intellectually disconnected.”

Joseph Stiglitz, Nobel Prize winner in economics 2001. “The Shadows of Globalization” (2002)

**Since its genesis, the IMF was controlled by the superpowers**

Both the IMF and its twin institution the World Bank saw the light of day at Bretton Woods (Massachusetts) in July 1944. Today there are 186 member states in these two organizations with their headquarters only a stone’s throw from each other near the White House in Washington. Their neighborhood is ideological, not merely geographic. Both support the famous Washington Consensus whose ten commandments are prescribed as return favors for credits of all heavily-indebted countries through structural adjustment programs. The rule “one dollar, one vote” according to which they operate enables the rich countries to control the two powerful institutions, especially the US, the only country with a blocking minority. According to a silent rule, the post of IMF general director elected for five years is reserved for a European while the post of general director of the World Bank is reserved for an American.

## 1982 : the debt crisis erupts

On August 20, 1982 the debt crisis erupted when Mexico could not pay its colossal debt burden as the first country in a long list of developing countries. The IMF appeared as a creditor and final authority. Like an arsonist, the IMF distributes its credits to bankrupt countries with the goal of first repaying the creditors, not rescuing the debt-heavy population. The credits are tied to a structural

adjustment program burdening countries with structural measures and shock measures, massive privatizations, liberalization of the economy and opening markets, drastic cuts in the social budgets, subsidy reductions for basic products, development of monocultures for export at the expense of growing foods and higher interests for capital. As Michel Camdessus, general director of the IMF from 1987 to 2000, predicted : "All the fetters that restrict liberalization of trade are removed so businesses have the freedom to produce and export their goods according to their own desires and the decisions of the market."

The affected countries become heavily indebted to pay off their earlier credits, this time at a higher interest rate... The subtle mechanism of an economic neocolonialism is permanently established. The debt service fattens creditors. Policy is controlled by Washington. There is no state independence any more. The international financial institutions force through the will of the creditors and opens countries really run by the IMF, the multinational corporations mainly located in the North. As an example of the omnipotence of the IMF, we recall that Brazilian president Lula was obligated in writing to respect the agreements between Brazil and the IMF before assuming office in 2002. His economic policy had to follow the very dubious directions of the IMF. Continuing the budget restrictions to 2005 was fixed contractually with his predecessor president Cardoso. Who won the 2002 election was not important.

Many developing countries that were independent in food production at the start of the 1980s import the food necessary for their population today. The subsidized agriculture of western countries has flooded the countries of the South, ruined tens of thousands of farmer families and driven them from their land to the slums. Senegal must import all the ingredients for the national "Yassa-chicken." Haiti imports the rice that it once cultivated for feeding its population. When speculators attack these products on the Chicago exchange as in 2008, the prices on the local markets explode and dozens of countries experience dramatic famines.

### **Protest expands**

The resistance against the ultra-liberal experts has multiplied in the last 25 years as a direct consequence of the removal of subsidies for basic foodstuffs ordered by the IMF. "IMF-rebellions break out at regular intervals in the South. Peru is an example. Over night, the price of bread soared twelve-fold. Because of the 1989 enforcement of a structural adjustment program in Caracas, Venezuela, the three-day national uprising led to a large number of deaths.

In the face of the unpopularity of the conditions tied to the awarding of credits, different countries (Brazil, Argentina, Uruguay, Indonesia, the Philippines and Turkey) repaid their debts to the IMF in the middle of this decade earlier than arranged to free themselves from the annoying subordination under the IMF. Borrowing from the IMF melted away. In the spring of 2008, the institution had to release 380 of its 2634 workers and sold part of its gold reserves. In addition, the institution fell into a grave legitimization crisis. The last three directors of the IMF resigned before the end of their term in office.

## **The IMF and the crisis**

As a result of the G20 summit in London on April 2, 2009, the funds of the IMF were tripled so it could expand its credit awards in all directions. The conditions are severe everywhere : wage cuts or freezing wages for state workers, pension cuts, privatization of enterprises in public authority etc.

In less than a year, dozens of Eastern European countries negotiated a credit framework with the IMF. When Latvia wanted financial assistance from the IMF and the EU, it had to cut public service

salaries 20% and pensions 10%. This policy provokes reactions in the population who take to the streets. One general strike in Greece follows the next. There are teacher demonstrations in Latvia and protests of public service workers in Rumania. Over 90% of all Icelanders refuse to pay back the debts that they consider illegal as a consequence of a referendum.

John Lipsky, Number 2 at the IMF and former top executive of the JP Morgan bank, told developed countries that they should prepare public opinion for the coming austerity measures and reductions in subsidies for health care and pension cuts (Reuters, March 21, 2010).

If people do not resist resolutely and immediately the exactions of the IMF and the governments of the North serving the financial markets, devastating social dislocations will occur. It is high time to prevent this.

**Jérôme Duval**

---

---

**P.-S.**

\* From <http://www.indybay.org/newsitems/2010/11/09/18663608.php>

\* This article published April 6, 2010 is translated from the German version on the Internet, <http://sandimgetriebe.attac.at/9041.html>