

Terms

An outline of the terms used from this point forward:

1. Neoliberal – A modified form of liberalism, tending to favor free-market capitalism. Basically, “lets remove as many, or all barriers and protections on workers and the environment, so multinational capitalists can lay waste to a country and its people, economically enslaving them.”

2. Free Market Capitalism - One of the most deceptive ideas continuously sounded by Capitalists, is that the "free market" is natural and inevitable, existing outside and beyond government. So whatever inequality or insecurity it generates is beyond our control.

3. SAP – Structural Adjustment Program(s): Imposed to ensure debt repayment and economic restructuring. But the way it has happened has required poor countries to reduce spending on things like health, education and development, while debt repayment and other economic policies have been made the priority. In effect, the IMF has demanded that poor nations lower the standard of living of their people.

4. Austerity - The deliberate deflation of domestic wages and prices through cuts to public spending.

Currently we have been seeing a series of “cut backs” in the public sectors in countries of the Global North. They are called “cut backs”, I feel because it sounds nicer to the public then calling it what it is, austerity. The Global North is slowly being devoured by the beast it created to colonize the Global South: The Market.

Due to the rise in Neoliberal economics, and Free Market Capitalism, money can cross borders without a cent in taxes being levied. More than \$3 trillion race around the planet every day. Less then 2% of this total can be linked to actual trade in goods and services, or to productive investments. More then 98% is used for purely speculative operations mainly on currencies, commodities, and on debt securities.

Thats right, capitalists who have created wealth out of debt, are gambling with one another on the free market as to whos debt will fold first. The real losers are the country who cannot repay the loans populace. Yet not only is the loan, and the interest expected to be paid back to the IMF, there are stock traders making money betting that country’s will default on the debt. The Logic of a SAP just isnt, cutting public, and social services to pay back a loan that was give to the country to create jobs. In most cases the only new jobs that are created, are those from multinational capitalists, wanting to maximize profits off the land, and workers in countries where they can profit as well from not having to follow the “stringent” toxic/hazardous waste laws countries of the Global North inconvenience them with.

At the end of 2010 the European bailout plan with IMF participation amounted to EU85 billion in loans (including 22.5 billion from he IMF) and it is already clear that it will not be enough. In exchange, a radical cure was enforced upon Ireland in the form of a drastic austerity plan that heavily affects households' purchasing power, with a resultant decrease in consumption, in public expenditure on welfare, in civil servants' salaries, in infrastructure investments (to facilitate debt repayment), and in tax revenues. On the social level, the principal measures of the austerity plan are nothing short of disastrous:

1. Suppression of 24,750 positions in the civil service (8% of the workforce, which would mean 350,000 new positions in France);
2. Newly recruited employees will earn 10% less;
3. Reduction of social transfers resulting in lower family and unemployment allowances, a significant reduction in the health budget, a freeze on retirement pensions;
4. A rise in taxes, to be borne mostly by the majority of the population, already victims of the crisis: creation of a real estate tax (affecting half the households that were formerly tax-exempt);
5. A EU1 reduction of the minimum hourly wage of 11% (EU8.65 – EU7.65)

In short, the economic and financial liberalization aimed at attracting foreign investments and transnational financial companies has utterly failed. To add insult to the damage the population must bear as a result of such a policy, the IMF and the Irish government are persevering in the neoliberal orientation of the past two decades and, under pressure from international finance, are subjecting the population to a SAP similar to those imposed on 3rd World countries for the past 3 decades. Yet these decades ought to have shown what not be done, and why it is high time to enforce radically different logic that benefits people and not private money.

Summary

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The International Monetary Fund (IMF), conceived at the Bretton Woods conference in July 1944, is the multilateral organization focused on the international monetary system. Created in 1946 with 46 members, it has grown to include 188 countries. The IMF has six purposes that are outlined in Article I of the IMF Articles of Agreement: promoting international monetary cooperation; expanding the balanced growth of international trade; facilitating exchange rate stability; eliminating restrictions on the international flow of capital; ensuring confidence by making the general resources of the Fund temporarily available to members; and adjusting balance-of-payments imbalances in an orderly manner. Congressional interest in IMF activities has increased since the onset of the financial crisis in 2008. IMF lending has surged in recent years, particularly in light of large recent loans to Greece, Ireland, and Portugal. In 2009, major economies agreed to substantially increase the IMF's resources and to move forward on several major reforms at the institution. These include increasing the voting share of emerging economies; revamping the IMF's lending toolkit to introduce greater flexibility and create new facilities for low-income countries; and creating a road map for resolving the fast-growing economic imbalances in the global economy between surplus and deficit countries. In late 2010, IMF members agreed to a doubling of IMF quotas, which would require congressional authorization and appropriations. The United States was instrumental in creating the IMF and is its largest financial contributor, providing 17.72% of total IMF resources. Since voting shares are based on financial contributions, the large U.S. voting share provides the United States veto power over major decisions at the IMF. Both the IMF and its sister organization, the World Bank, are headquartered in Washington, DC.

Citations

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A Glance in the Rearview Mirror:
Neoliberal Ideologies from its Origins
to its Present
Eric Toussaint

<http://www.huffingtonpost.com/tag/free-market-capitalism/>

<http://www.globalissues.org/article/3/structural-adjustment-a-major-cause-of-poverty>

<http://www.foreignaffairs.com/articles/139105/mark-blyth/the-austerity-delusion>

This is an extremely small tome concerning one of the most diabolical institutions on the planet. It is meant as an outline of what the direct effects of the IMF doing business as usual looks like, and how they attempt to portray it to governmental bodies. Needless to say, much remains to be written, much remains to be done.

The International Monetary Fund

An Introduction

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The author finds himself unable to avoid preconceived notions, and strong bias when writing this, and any other pieces about the IMF. He finds himself at a loss of objectivity concerning this emotion-laden matter.

