

Is the IMF a good thing or a bad thing? It claims to be an organization that helps out struggling economies, but there has been cases and evidence that prove just the opposite. An organization that's main purpose to help and assist struggling economies should have a spotless record and should be reviewed and re-structured, if it should ever end up doing harm to another country. The current model of the IMF is an unethical model, which is run by just a few countries that use it to push their own agendas.

The idea of the IMF was born at the 1944 Bretton Woods agreement. The IMF's main purpose was to assist war torn countries after the Second World War. The IMF was not the only institution created in order to assist, there was also the UN. The USA really wanted to be the ones in charge of looking after these struggling countries, so they poured lots of money into the IMF. Why the IMF and not the UN you might ask. The reason the USA chose the IMF is because the country that gives the largest amount of money will have the largest say in what happens; unlike the UN where it is one country, one vote. At the heart of the IMF is the theology that US corporations are going to be the main driving force behind all the economic development the IMF does, "Whats good for GM is good for the world". The framework was that the World Bank would provide the countries with money to build a infrastructure to facilitate these US corporations and the IMF will provide loans so that these countries can buy capital. In the 1970's OPEC was introduced (Organization of Petroleum Exporting Countries) and this really started to scare the IMF. This agreement meant that countries could now hold onto their oil resources. This frightened the US because they were worried that similar agreements will follow with other goods that the US needed, such as with timber or labour. The US had to act and they did so with the IMF. They got the IMF to give out loans to countries, like they were handing out candy. The strategy behind this was to get these countries into a deep debt and get them following a US agenda. An example of this happened in Argentina during the reign of president Menem. Argentina blames the IMF for impoverishing 15 million Argentinians. In this case the only people the IMF were helping were the upper class. It is alleged that the IMF would pay factory owners to close their factories, in order to avoid competition with American companies. During the reign of Menem the IMF gave the government billions of dollars in loans, knowing that all the money was basically being used to boost public spending, in order for Menem to win the up-coming election. Also the IMF forced Argentina to peg their currency to the American dollar. This hurt Argentina's exports greatly, since it made them too expensive to trade with. Since the currency was fixed then the banks had to make sure that there was one dollar available for every one Peso. This is where the IMF came in, providing billions of dollars in loans to maintain this currency peg. Now Argentina is swimming in foreign debt, which they are not going to be able to pay back.

In the case above, the IMF lead a once developed and growing economy, into an economy where there is recession and unemployment. How did the IMF help this country? All the IMF did was put the country further and further into debt, which they cannot pay off. It is because of examples like this that the IMF needs to be re-designed and re-structured.

Sources:

How the IMF sank Argentina: <http://www.commondreams.org/views02/0127-03.htm>

Economic debacle in Argentina, the IMF strikes again:

<http://www.twinside.org.sg/title/twr137b.htm>

Argentina blames IMF for crisis: <http://news.bbc.co.uk/2/hi/americas/3941809.stm>

Why we protest: <http://www.commondreams.org/views01/0910-01.htm>

▲ history of opposition to the world bank: <http://www.youtube.com/watch?v=C-gicMnta7Y>