

The IMF & the World Bank (2000)

Fact Sheet

- The International Monetary Fund (IMF) and the World Bank were established in 1944 at the historic conference of 44 nations at Bretton Woods, N.H. Their mandate was to help with post-war reconstruction by fostering international cooperation in financial and economic development. Although originally based on progressive liberal principles, both institutions by the 1970s had fallen under G-7 (predominantly U.S.) influence. They have since become the "enforcers" of free trade, unfettered financial mobility, and other market-driven neoliberal policies, particularly in the Third World. With devastating results.
- Most developing countries sooner or later feel the need to apply to the IMF or the World Bank for loans. Such loans are given only on condition that the recipients agree to implement severe structural adjustment programs (SAPs). These SAPs force indebted countries to adopt a wide range of "free market" policies, including cuts in social programs, the privatization of public agencies and services, switching agriculture from domestic to export crops, and of course dropping all restrictions on foreign investment and ownership.
- The IMF/World Bank SAPs have increased poverty levels around the world. In the two regions most affected by these programs--Latin America and Africa--per capita income has stagnated, and in many countries has fallen sharply. Governments have been obliged to cut health, education, and other social spending and divert the money to their debt repayments. The SAPs have also further widened the gap between rich and poor in the developing world.
- The IMF and World Bank have driven post-communist Russia into a deep economic depression. Before they imposed their SAPs on that country, 2 million Russians were living in poverty. That number has now soared to 60 million--a peacetime slump of unprecedented scale. The recent financial crisis in Asia was also created and worsened by the IMF, whose introduction of speculative finance caused the problem, and whose SAPs then triggered a surge in layoffs, bankruptcies and poverty.
- Although Canada has not applied for loans from the IMF or World Bank, it has not been free from their influence. The IMF, acting on behalf of the U.S. and the financial markets, exerts a great deal of influence on all governments, including Canada's. It issues reports on Canada nearly every year, and its advice or warnings are carefully heeded. Last fall, for example, the IMF told Finance Minister Paul Martin to give priority to tax cuts in his 2000 budget, and to devote only "moderate" increases to health care and education. Martin dutifully complied.
- IMF/World Bank policies have been disastrous for the environment. They fund projects in which countries are encouraged to over-exploit their natural resources through deforestation and strip-mining developments. The result is life-threatening air and water pollution. Many such projects also often involve the enforced relocation of millions of people.
- Women tend to be disproportionately hurt by IMF/World Bank programs. Social spending cuts force women to provide social assistance to those deprived of government help. Higher levels of stress within families harmed by SAPs has led to increases in violence against women. The IMF/World Bank emphasis on growing crops

for export has pushed women farmers away from growing food for family consumption, and left them poorer in the process. The high interest rates often dictated by SAPs have also made credit less accessible for small women-owned enterprises.

- The IMF and World Bank have so far not been held accountable for the effects of their brutal policies on billions of people around the world. That may change on April 16, 2000 in Washington, D.C., where many thousands of people opposed to these powerful institutions will come together to challenge their "profits-before-people-and-the-environment" approach and demand sweeping democratic reforms.