# What happened to the $368 billion?

*The IMF has a way to deal with the funds "missing" from the world economy: Cook the books!*

The following item appeared on March 31 in the British newspaper *The Independent*: "Missing: $388 billion (or so). If found, please return. And, at the same time: if you ever believed all those financial statistics to be as precise as they sound, now is the chance to be disabused.

"The International Monetary Fund has revealed that, in the first half of the 1980s, $388 billion of the world's money went missing. Just ike that. The world's debits outstripped countries' recorded credits by that amount. The IMF say they know the money has gone. But they add that they do not know how, why or where."

The missing hundreds of billions are not news; they have been a thorn in the IMF's side for years, for two reasons. First, they prove the existence of hundreds of billions of dollars of illegal money flows, which reflect, in large measure, the $500 billion international narcotics traffic. Second, they show that developing nations have been looted of hundreds of billions of dollars of flight capital, forcing them into the indebtedness that became the pretext for IMF austerity programs.

The news is that an IMF "working party," which worried over the matter for two years, finally released its recommendation: that governments lie about the missing money, to avoid the collapse of the IMF's credibility!

Actually, matters are somewhat worse than the cited figure indicates. The relevant losses from national accounts took the form of *flight capital* and other *illegal funds transfers*, hidden in the form of the service accounts, mainly of developing-sector nations. From this vantage point, the missing money on the account of so-called invisible trade comes to $460 billion during the years 1978-84, as follows:

| Year | Missing "invisibles" (billions) |
|---|---|
| 1978 | 24.7 |
| 1979 | 29.3 |
| 1980 | 49.2 |
| 1981 | 80.6 |
| 1982 | 100.9 |
| 1983 | 78.7 |
| 1984 | 96.4 |
| Total | 459.8 |

Brazil and other debtor nations, which now refuse to pay, point out that only a small part of their debt was accumulated by normal borrowing to finance imports; most was the result of capital flight and related disasters provoked by their bankers, in order to force them into the debt trap. The IMF worries that the missing money proves that the debtor nations are right, and proposes falsification of the data to prevent such embarrassment:

"The global discrepancy, although smaller than in 1982, continues to be large and can *undermine the credibility of experts' analyses of global economic developments. It can also cast doubt on the formulation of appropriate corrective policies*."

The Fund's recommendation, printed in the March 9 *IMF Survey*, states, "National compilers should begin to use *flexible statistical estimation where data collection is not feasible*."

There is no doubt in anyone's mind that the "discrepancy" reflects flows of dirty money. In the 1986 second edition of the best-selling book on international narcotics traffic, *Dope, Inc.: Boston Bankers and Soviet Commissars*, this writer reported the above facts, noting that a 1983 IMF report "leaves little to the imagination: The origin of the 'statistical discrepancy' is international flight capital and related illegal money flows. The 1983 document states:

"'The principal factor accounting for the growth of the world payments asymmetry on current account has been the fairly rapid increase in the negative balance on invisibles. . . . The most readily identifiable part of this large excess of debits over credit is that rooted in the services provided by fleets flying so-called flags of convenience. The payments for services of these fleets are, for the most part, duly recorded in the balance of payments statistics of the countries using such services. The corresponding credits, on the other hand, are typically not entered in any country's balance of payments,' that is, they enter the banking system illegally."

The present working-party report is somewhat less expurgated than the 1983 paper, admitting that the missing money was filtered through offshore banks: "The working party found that the newer offshore centers complicate the tracing of funds, thus complicating the measurement of capital flows and related income streams."

Shut down both the International Monetary Fund, and the offshore banks which conspire with it to loot national economies, and the statisticians will have no problem at all accounting for capital flows.