

# IMF under Brady: a plea for reassessment

by Davison Budhoo

*The author whose commentary we excerpt here is an economist who resigned May 18, 1988 from the staff of the International Monetary Fund, charging that the Fund had "systematically" falsified statistical indices of debtor nations, in order to impose conditionalities.*

The Brady Plan for Third World debt lays down that only those heavily indebted countries prepared to implement "market-oriented programs of reform" will benefit. And that all such programs must be prescribed, supervised and juridically certified by the International Monetary Fund. This ensures that the same dogma, operational criteria, and methods of approach of the Baker Plan will be extrapolated into the Brady era. The Fund will continue, with greater clout than ever before, to "reform" the Third World in the name of its member governments. . . .

Traditionally it has been accused of foisting on Third World governments, outrageously inappropriate conditionality for its aid packages, of demonstrating a troubling insensitivity to Third World needs and realities, and of increasing poverty levels. Within the last year, it has also been indicted, by member governments and others, for racism in its international operations, abuse of political power by its staff, loss of professionalism and objectivity in its economic analyses, incompetence in relation to new tasks that it must perform under the ongoing debt strategy, high living and excessive staff salaries and privileges, the exertion of unwarranted influence on the World Bank, and unconventional pressures on government officials in Third World capitals to induce them to toe its line against their better judgment. These serious charges, circulated throughout the Third World and raised in the Parliaments of several developed and developing countries, have remained unanswered by the Fund. . . .

## Growing opposition

But probably even more ominous is a growing Third World mood of revulsion and rebelliousness. One example is the recent spate of anti-Fund riots and demonstrations in countries as different as Venezuela and Guyana, Trinidad and Tobago and Jordan, Peru and Tanzania, Yugoslavia and Zambia, Egypt and the Dominican Republic. Over the past 90 days, and coinciding in part with announcement of the Brady Plan, anti-Fund riots in the Third World have reached a pitch, claiming hundreds of Third World lives, and bringing injury and imprisonment to thousands more.

Third World governments, taking a cue from their peoples, are desperately seeking alternatives. Even as [U.S. Treasury Secretary Nicholas] Brady was announcing his plan in Washington, Ministers of Finance from Africa were meeting in Malawi to develop economic strategies for structural adjustment of their economies that would not involve the Fund or Fund-type programs. Scores of other governments, although fearful of reprisals from the Fund, have taken steps to establish teams of experts to undertake similar tasks. Latin American governments have met to try to develop debt strategies demonstrably anathema to the Fund. A think tank of eminent Third World personalities, operating from Geneva and supported by Third World governments, is coordinating longer-term research on how to by-pass the present-day Fund system.

But protest is not confined to the developing world. Peoples from developed countries have given added momentum to the tide, and even sister agencies of the United Nations, stunned by Fund realities, have come out in open criticism. So have hundreds of non-governmental organizations, and major religions and religious leaders. Last year a judicial tribunal, convened in response to pleas from the American Association of Jurists and a host of world humanitarian organizations, indicted the Fund for crimes against humanity.

And during the course of the Fund/World Bank Annual Meetings in West Berlin some eight months ago, that city became as an armed camp, with over 10,000 federal troops reportedly rushed in to control anti-Fund demonstrations that were judged to be the largest and most voracious there since the Berlin Wall was built.

All this cannot continue to be ignored by Mr. Brady. For better or worse, he will have to rethink both his means and his objectives, starting with the institutional and policy imperatives that he has unilaterally established. At the very least, he would have to put forward meaningful proposals for Fund reform outside of the continuous white-washing job that Mr. Camdessus, the Fund's managing director, is obliged to do. Mr. Brady should start with alleged internal Fund abuses, for perhaps it is in this field that the U.S. Treasury has the hardest evidence, and can make the most incisive initial impact on current Fund practice.

Fund reform will be painful . . . but it is absolutely necessary. For governments cannot continue the futile experiment of trying to impose compliance to Fund conditionality at gunpoint. Nor can national authorities force people to participate, via curfews and tear gas and martial law, in the process of national development—a process that demands their participation for its success. The scenario of nation-states becoming armed camps to wage war against their own citizens may be the ultimate logic of the present-day Fund system, but it will not lead to the sort of structural change, or the kind of democracy that Mr. Brady and his countless well-wishers in the West and elsewhere will understand or wish to condone.