IMF jumps toward reform

Third World radicals and New York bankers look forward to its expanded role.

As the end-of-September annual meeting of the International Monetary Fund approaches, a strange coalition of international policy groups has emerged, all pushing for the Fund to be "reformed." The argument in favor of reform is that the IMF should take a larger role in refinancing and management of debt held by developing countries.

In its Sept. 2 newsletter, Manufacturers Hanover summarized the arguments in favor of "basic changes in the role of the IMF and the way that it does its business." The bank, which is extremely sympathetic to the "reform" idea, makes clear that changing the IMF will mean a stocking up of its financial resources. "A greater role for the IMF in supplying the financial requirements of the developing nations in the future," it reports, "is seen as essential—particularly in the recycling of the OPEC investible surplus. . . . Such an increase in lending will . . . require not only an increase in contributions to the IMF from the wealthier members but could result in increased activity by the IMF in world financial markets in competition with other borrowers."

Although the IMF officially denies that it is currently going through "reform," Executive Director de Larosière recently made a diplomatic tour of the Persian Gulf to negotiate multi-billion dollar loans for the IMF from Arab oil producers. An international scandal erupted around de Larosière's visit, during which time 40 Islamic countries reached agreement to deny the IMF any loans or even standard contributions unless it gives representation to the Palestinian Liberation Organization.

Other policy groups which have recently issued public statements on behalf of a "greater role" for the IMF in refinancing Third World debt include the "left-wing" Institute for Policy Studies (IPS) in Washington, D.C.; the radical Tanzanian government; bankers close to David Rockefeller at Chase Manhattan Bank; and the United Nations bureaucracy.

All these institutions frame their support for IMF "reform" as backup for the program for a New International Economic Order as described by the Brandt Commission on Economic Development.

The Commission's report is officially scheduled for debate at the IMF September conference. The proposals document a spectrum of policies through which resource exploitation and low-technology agriculture would be enforced as the only form of "growth" in the developing sector for the next decade.

During the just-concluded U.N. General Assembly meeting in New York, the Tanzanian government circulated a document from a conference held in their capital, Arusha, this July, which demands reform of the IMF. The Tanzanians stated that the IMF must increase lending to the Third World and soften the terms of the loans they allocate. The day the document was handed out, the Tanzanians reached agreement with the IMF on a $200 million loan whose maturities and attached "austerity conditions" were much "softer" than the IMF had proposed to them last year when the loan was first brought up but rejected by the Tanzanian government. The Arusha conference was run by the Washington-based Institute for Policy Studies (IPS) and six left-wing think tanks in its orbit.

In an interview this week, an IPS spokesman emphasized that the Institute's push for softer conditionalities was supported by New York commercial banks, as part of an overall plan to funnel OPEC funds through the IMF.

The U.N.'s transnational division made it clear in another interview that at the same time a prime impetus behind stocking up IMF resources is merely to pave the way for multinational corporations to launch new major projects in the Third World. These are not development or growth projects, but get-rich-quick resource schemes which emphasize raw materials extraction. "We support the NIEO program," he stated, the Brandt Commission program for commodity price stabilization connected to raw materials extraction. "The IMF and World Bank would have a role in this, but it wouldn't be the same. Changes are beginning. The IMF is moving to supply [investment] management, rather than demand management. Our task is to outline how these changes will allow us to harness the resources of transnational [multinational] corporations."