

## Former official charges IMF with Nuremberg crimes

*On May 18, 1988 Davison L. Budhoo wrote an Open Letter of Resignation From the Staff of the International Monetary Fund, to Mr. Camdessus, Managing Director, in Washington, D.C. He gave up a \$145,000 a year (tax-free) job as a senior aide at the IMF; prior to that he had been a Fund representative in several countries. He provides evidence "from the inside" of what EIR has been stating for many years: that the IMF is willfully carrying out a policy of genocide toward the Third World. Mr. Budhoo's charges have been blacked out by the U.S. major media, just as they covered up in the 1930s for the crimes of Hitler and Stalin.*

*Excerpts follow of Part I of the letter. Editorial deletions are marked by ( . . . ); other ellipses are original punctuation by the author.*

### **1. The milieu**

#### **a) Why I have to forego the code of "Proper Fund Staff behavior" and write this Letter**

Today I resigned from the staff of the International Monetary Fund after over 12 years, and after 1,000 days of official Fund work in the field, hawking your medicine and your bag of tricks to governments and to peoples in Latin America and the Caribbean and Africa. To me resignation is a priceless liberation, for with it I have taken the first big step to that place where I may hope to wash my hands of what in my mind's eye is the blood of millions of poor and starving peoples. Mr. Camdessus, the blood is so much, you know, it runs in rivers. It dries up too; it cakes all over me; sometimes I feel that there is not enough soap in the whole world to cleanse me from the things that I did do in your name and in the names of your predecessors, and under your official seal.

But I can hope, can't I? Certainly I can hope. I can hope that there is compassion and indignation in the heart of my world, and that people can stand up and take notice of what I have to say, and listen to your reply. For you will have to reply, because the charges that I make are not light charges—they are charges that touch at the very heart of Western society and Western morality and postwar intergovernmental institutionalism that have degenerated into fake and sham under the pretext of establishing and maintaining international economic order and global efficiency.



*Children from the slums of Sao Paulo, Brazil. Former IMF official Davison Budhoo reveals the inside story of how the Fund has deliberately destroyed the economies of Third World countries.*

John Grauerholz

You think that's all there are to my charges? No, there is more; much more. The charges that I make strike at the very soul of man and at his conscience. You know, when all the evidence is in, there are two types of questions that you and me and others like us will have to answer. The first is this: Will the world be content merely to brand our institution as among the most insidious enemies of mankind? Will our fellow men condemn us thus and let the matter rest? Or will the heirs of those whom we have dismembered in our own peculiar Holocaust clamor for another Nuremberg?

I don't mind telling you that this matter has haunted me; it has haunted me particularly over the past five years. It has haunted me because I know that if I am tried I will be found guilty, very guilty, without extenuating circumstance.

But beyond the question of guilt, there is a far more operational matter that bothers me; it is this: What devil is there in us that will allow us to go this far into a shame and an ignominy without screaming out a protest as human beings and as men of conscience? How could we have allowed ourselves for so long to defend the indefensible?

When I ask myself that question I become disoriented. I become disoriented because I cannot cope with the consequences of the answer that I know will surface one day. Put simply, that answer will doubtlessly focus on the total preoccupation of Fund people, and Fund inspired people, with personal material gratification and with the lust for, and abuse of power placed so inadvertently, yet so completely, in their hands. It is the timeless story of human beings, faced with an

exceptional opportunity to further the cause of mankind, turning around and destroying everything worth preserving because of some indefinable quirk in our Nature. It is the timeless story of the descent of another century of history into hell.

Doubtlessly you feel outraged that I speak thus, and that I ask questions that raise the spectre of personal culpability of those who labor within our institution, and that I make what you may see as meaningless, but dramatic and eye-catching generalizations about our work and history's verdict on it. Perhaps you wish to say to me, "You are mad to suggest that the Fund, or anyone associated with it, has committed such awful crimes." Well, maybe I am mad, Mr. Camdessus, to look at our operations with eyes of candor and to feel terror, rather than satisfaction, at the sight of us doing things of Dracula that we so blithely do. But I cannot help being mad thus; I cannot help feeling what I feel; I cannot help being squeamish. I guess you can say that there was always a Mr. Hyde within me, and even as I did your Dr. Jekyll work I kept looking over my shoulder at his kind face. And one day he said to me: "Take stock of yourself; the image of the Beast is blotting out all else. Your soul is becoming shriveled up; you are becoming dispossessed of all traces of your humanity." And I replied: "It cannot be; I will never accept to be thus; I will fight tooth and nail to return to the Human Fold."

This Letter is the start of my fight back to that Fold, and in writing it, and in doing other things that I must henceforth

do, I have to forego the conventional stereotype of Fund Staff “proper” behavior. Put bluntly, as from today I refuse to accept the Fund-imposed censorship on our activities in the Third World. I have also stopped obeying your directive that reports and memoranda and other printed matter that document these activities be regarded as unexceptionally confidential and “hush-hush.” Equally, I reject the Fund’s traditional stance that the world has no right to know details of our methodology, or be made privy to the secrets of our success in doing what we do. More comprehensively and catalytically, as from today I tear off the mask of studied ambiguity that your organization did give me 12 years ago. As from today, Conscience becomes my only guide. (. . .)

### **c. What this Letter is, and isn’t**

Wait, Mr. Camdessus, wait! Don’t breathe a sigh of relief. Don’t say: “Oh, another do-gooder filled with delusion and a pitiable sense of self-importance! Another gieser striving vainly for melodramatics! Another giëser wasting my time. Now that I know who he is and what he is after, let me call in the High Priests of the Fund. They will take care of him; they will clean up the little mess that he did make. What a life! It’s all in a day’s work.”

Mr. Camdessus, don’t say these things; don’t devalue my substance thus, as we devalue the currency of every Third World country that we latch on to. You know, contrary to what may be your impression after reading the first few pages of this Letter, I do not deal in wild accusations and uninformed guesses; I do not deal in diatribe. I deal in cold, stark facts—facts and specifics of time and place and Fund policies and Fund conditionalities and Fund missions and Fund meetings and Fund negotiations and Fund-related fraud. (. . .)

## **2. Six indictments against our operations in Trinidad and Tobago**

I hereby file accusation against the Fund in its dealings with Trinidad and Tobago on six counts, viz.:

(i) We manipulated, blatantly and systematically, certain key statistical indices so as to put ourselves in a position where we could make very false pronouncements about economic and financial performance of that country. In doing so, we created a situation whereby the country was repeatedly denied access to international commercial and official sources of financing that otherwise would have been readily available. Our deliberate blocking of an economic lifeline to the country through subterfuge served to accentuate tremendously the internal and external financial imbalances within the economy springing from the dramatic downturn in the price of oil;

(ii) The nature of our ill-will, and the depth of our determination to continue on a course of gross irregularities, irrespective of economic consequences for the country and its peoples, are clearly shown by the fact that your senior staff bluntly refused in 1987 to correct even one iota of the wrong that we had done over 1985/86;

(iii) Congruent with the action outlined in (i) and (ii), the staff has waged within the Fund an aggressive campaign of misinformation and derision about economic performance in Trinidad and Tobago. The insidiousness of that campaign is dramatically highlighted in the deliberately wild allegations made in the Briefing Paper to the last consultation mission—a paper that was cleared and approved by your good self in June 1987;

(iv) As the country continues to resist our Deadliest Medicine that would put it in a position to enter into a formal stand-by arrangement with us, we continue to resort to statistical malpractices and unabashed misinformation so as to bring it to heel. Among several misdeeds, we have influenced the World Bank, apparently against the better judgment of its own mission staff, to come out in support of our trumped-up policies and stances for the country;

(v) In our seemingly inexplicable drive to see Trinidad and Tobago destroyed economically first, and converted thereafter into a bastion of Fund orthodoxy, we have applied, and are applying, intolerable pressures on the government to take action to negate certain vital aspects of the arrangements, as enshrined in the constitution of the country, through which the government functions, and within whose framework fundamental rights of the people are recognized and protected, and norms of social justice and economic equity maintained;

(vi) Our policy package for Trinidad and Tobago—i.e., the conditionality that we are demanding for any Fund program, and the measures that we are asking the authorities to implement as a necessary precondition for a loosening of the iron grip that we now hold on the fortunes of the country in so far as its recourse to international capital markets and official bilateral donors are concerned, can be shown, even in a half-objective analysis, to be self-defeating and unworkable. That policy package can never serve, under any set of circumstances, the cause of financial balance and economic growth. Rather, what, in effect, we are asking the government of Trinidad and Tobago to do is to self-destruct itself and unleash unstoppable economic and social chaos. In this respect, this Letter invites you to appoint urgently an independent expert group to look into all aspects of the charges made in Parts II and III of the Letter.

Self-defeating and unethical as it may seem, what we have done and are doing in Trinidad and Tobago is being repeated in scores of countries around the world, particularly in Latin American and the Caribbean and Africa. Sometimes we operate with great restraint, sometimes with less, but the process and the result are always the same: a standard, pompous recital of doctrinaire Fund “advice” given uncompromisingly and often contemptuously and in utter disregard to local conditions and concerns and susceptibilities. It is the norm now rather than the exception, that when our “one-for-all and all-for-one” Fund cap doesn’t fit the head for which it is intended, we cut and shave and mangle the head so as to give the semblance of a fit. Maybe we bust up the head too much

in Trinidad and Tobago, but have no illusions that the way we operate throughout the world—the narrow and irrelevant epistemology underlying our work, the airs and affectations and biases and illusions of superiority of our staff vis-à-vis government officials and politicians in the developing world, our outrageous salaries and perks and diplomatic immunities and multiple “entitlements,” the ill-gotten, inadvertent power that we revel in wielding over prostrate governments and peoples—can only serve to accentuate world tensions, expand even further the already bulging ranks of the poverty-stricken and destitute of the South, and stun, worldwide, the human soul, and the human capacity for caring and upholding norms of justice and fair play.

### 3. A bird’s-eye view of subsequent parts of this Letter

#### (. . .) b. Summary of Part IV (. . .)

How, in fact did we get into the game of giving farcical advice to member countries? (. . .)

This question takes us back to the very origin of the Fund; an attempt is made to unravel the various elements of Fund history and epistemology to see how and if, to what extent and at what stage, our quest for a better functioning world became ensnarled into our personal ambitions and our burgeoning group psychosis.

On the above matters a set of interrelated conclusions are drawn. The first is that the Fund, which was established primarily to serve developed countries by overseeing the return of the industrialized world to orderly multilateral trade and payments arrangements, has never been able to come to terms with the problems of the developing world, which are fundamentally different—i.e., economic growth and diversification, and broad social change along the whole spectrum of income distribution, quality of life, social security and political instability and economic waste, and poverty and hunger and disease and desperation. Always, and under all conditions that may be encountered, the conceptual backdrop that we brought to bear on our work, and the body of economic principles that guided our action, sprang overwhelmingly from the 19th century vision of Pax Britannica, now writ large as Pax Atlantica—i.e. “perfect competition,” and “world allocation of resources” and “international division of labor” and “general equilibrium in the (Western) world economy” to be achieved through the instrumentality of unbridled and “free” pricing systems domestically and Gold-Standard determined exchange rates internationally. As far as we were concerned, all the difficult dynamics and unforeseen phenomena of the developing world in the Fifties and Sixties and Seventies and Eighties of this century had no meaning whatsoever; they could be ignored or dismissed or shrugged off without the batting of an eye or the furling of a brow. Unwilling and unable to meet emerging Third World needs, we became the Neanderthaler of the 20th century. (. . .)

The following general conclusions are drawn, after close perusal of evidence. (. . .)

(ii) The Fund is soulless, not because there is no scope for humanized behavior and compassion in an institution dedicated to optimum world efficiency and a more effective use of foreign financial resources in developing countries, but because its founders, in chasing their improbable dream of Pax Atlantica, overlooked all scope for exercising compassion and alleviating social injustice in certain parts of the international system that they were creating. Compassion and social justice were crying needs; they are the very roots on which we should have nurtured an evolving and pragmatic Fund philosophy for the Third World. But our Founding Fathers denied us access to them, and shriveled our soul. So later on, when we “stole” the Fund, All Things Just and Humane became our Absolute Antithesis; we were as clinically and completely materialistic and single-minded in pursuit of Our Own Gratification (Pax Honeypot) as they were in pursuit of Pax Atlantica.

(iii) In a very meaningful way, our staff perversion is the logical consequence of our Founding Fathers’ credo, just as the latter is the logical consequence of the prevailing 1944 international ethos of Superior Man and Inferior Man, and the Western man and his system to be saved and nurtured, and the Southern man to be overlooked and cast aside, in so far as his needs and aspirations as individuals and groups and nations are concerned.

And it is this theme—the theme of the Southern man remaining in oppression under postwar multilateralism, spearheaded by the Fund, as he had been under 17th and 18th and 19th century colonialism—that occupies the fourth section of Part IV. More specifically, representative examples are given of the *modus operandi* of Fund staff as the New Nobility of Earth, out to protect and expand Pax Honeypot, and to smother all opposition to their hegemony, from whatever quarter such opposition may come.

On “internal” matters you are asked to take a close look at the implications of the rampant and multi-faceted racism that is now an extremely operative factor in Fund staff calculations; as you are fully aware, this “internal” worm eating at our soul has created its own system of internal injustices and double standards and rank arbitrariness within the Fund, particularly in relation to staff promotion and job assignments. But, unfortunately, that is only the tip of the iceberg; the matter runs far deeper than staff issues. Indeed, racism makes itself felt in a wide range of organizational practice, some of which are eminently inexcusable, given our international nature. Among these is the classification of South Africa as a “European country” administered by our highly segregated, virtually “white staff only can work here” European Department. (. . .)

Yes, yes, Mr. Camdessus, in scores of developing countries that are unfortunate enough to fall within our grasp, we hold simultaneously and completely in our hand Leg-

## LaRouche denounced IMF genocide in 1982

*In an "Open Letter to IMF Member-Nations," distributed at the annual International Monetary Fund meeting in Toronto in 1982 and published by the National Democratic Policy Committee in August 1982, Lyndon H. LaRouche, Jr. indicted the dominant member-governments of the Fund for "insane" behavior in economic and monetary matters. A passage from that 31-page document follows:*

### The echoes of Nuremberg

The aggravated degree of austerity being practiced, has reached the point that officials of governments and supranational institutions are placing themselves personally at jeopardy under provisions of the "Nuremberg Code." In Africa and elsewhere, Ladies and Gentlemen, you are already complicit in what *you know or should have known* to be mass-murder against entire nations.

To this point, the worst among you reply with words to the effect: "So what?" Such fellows have argued, to the effect of these words: "Perhaps we are increasing the death-rates, even to as great a degree as you accuse us of doing. So, what? There are too many people living already, especially among the darker-skinned populations of the world. So, what, if many of them must die for the sake of

our monetary policies? Show me anywhere today, a court which has the inclination and power to put me and my friends on trial because of these policies. We are running the world's monetary institutions, and we shall do as suits us. Good day! I have nothing more to say, wasting time arguing with you on this subject."

This is a fair description of arguments this writer has heard from financial officials and others repeatedly since late 1975 and early 1976: In Basel, Paris, the Federal Republic of Germany, London, the United States, and elsewhere.

The racist component of such arguments is no exception. Such racialist motivations for the policies of the Club of Rome were volunteered by a former official of the OECD, recently, Dr. Alexander King. King identified himself as the creator of both the Club of Rome and of the present career of Aurelio Peccei. While an official of the Nixon administration, and close collaborator of Henry A. Kissinger on population-policy, present U.S. Senator Patrick Moynihan motivated population-control policies directed against dark-skinned sections of the U.S. population itself on grounds of alleged genetic inferiority of those targeted populations. . . .

It is the influence of such neo-malthusian policies and their supporters which is chiefly responsible for widespread condoning of economic-monetary measures of genocide against targeted LDCs and other nations today.

To such political figures and their accomplices, a clear warning must be issued. Remember: The Nuremberg tribunal was created *after 1945*. "Where is the court which would try you for your support of genocidal policies today?" Perhaps there is none. Can you be certain one will not spring into being tomorrow?

islative and Executive and Judicial powers over wide-ranging matters relating to national economic and financial policies. We do our own "tainted" evaluation of economic and financial performance (an evaluation that is subsequently accepted as Bible Truth by Our Executive Board of Intent under the name of the Minister of Finance and present it to him for signature); we administer the "program" specified in the Letter of Intent (. . .).

The whole process of determining what is "right" for the country, to formulating that "rightness" into a legal document that specifies "conditionality" and "performance criteria," to administering and monitoring the "program," to determining whether or not the country is eligible to draw, to alerting the international community as to whether or not we did see fit to create yet another "outcast country" or "leprosy case," is performed not only solely by the Fund, or by the relevant Division of the appropriate Department

of the Fund, but in most instances by a single staff member acting on your behalf and with your authority. Such a staff member would hold, for all intents and purposes, the economic fate of the country concerned, and of its peoples, in his hand; as such he becomes transformed from a human being to the Unstoppable Supra-National Authority; all his own personal prejudices and arbitrariness and hang-ups and self-interest and lust for power and mad desire to control the destiny of peoples and of nations become essential elements of that Unstoppable Authority. (. . .)

#### d. Summary of Part VI

(. . .) The first section comes back to a fundamental question raised in Part IV, viz.: Can the Fund reform itself so that it serves the true interests of developing countries without negating critically its role as the major plank of an international management system for economic stability and growth and for the financing of such stability and growth?

In searching for an answer, a comprehensive listing is made of “reform proposals” made by your good self and by your predecessors over the past several years to change the nature and the modules of Fund operations and facilities, presumably with a view of sensitizing the institution to the needs and characteristics of developing countries. (. . .)

And in this respect, the conclusion is drawn that past and present “reform proposals” put forward by Fund Management are not really proposals for reform at all—certainly they do not address matters highlighted in this Letter. Instead, they are shown to be the minimum jawboning that the Fund staff feels compelled to indulge in at any particular time, to take the heat out of criticisms about our operations in the Third World made by the Board of Governors and other “important” entities. In any event, your Reform Agenda is not new; the items identified—with one exception—have been depressingly recycled, with minor modification, at almost every Fund/World Bank Board of Governors gathering over the past 20 years.

We go through motions, Sir; we have our annual charade that we call the Fund/World Bank Board of Governors Meetings; we hand out the same “reform package” to the Ministers of Finance of the Third World, and they go home satisfied, having connived in all our trickery and participated in our game. Yes, yes, we move them around the chessboard like robots. We tell them, “Come back for the next bodacious meeting of the Development and Interim Committees in Sin City in the Spring; Fun and Games will start anew again.”

And so it goes on and on and on. And nothing changes in the developing world except more death and destitution for the people in the slums, and more power for the Fund. And with the passing of every meeting our staff becomes even more reinvigorated; they wield a sharper and more bloodied tool; an even more terrifying Executor’s Axe stands poised for service everywhere in the South. And the children scream, Sir; my God, how they scream!

The only relatively new “reform proposals” on your agenda relates to the impact of Fund support programs on poverty groups. (. . .)

The section ends by examining a plethora of technical possibilities through which the poverty and income redistribution variable could be made to become an integral part of Fund programming and performance guidelines in Fund supported arrangements. One by-product of this exercise is the identification of a seemingly unbridgeable chasm between Pax Honey-pot and all that it stands for, and the human values that we had ignored and had lost. Starkly brought into focus is the mind-boggling extent of our violation of basic human rights throughout the developing world for over the past five years in particular. (And don’t raise your hand in protest, Sir, as I say this. The evidence is there, wait to read it.)

The Third section of Part VI highlights the power and hegemony of the nondescript bureaucrat; it pulls together a

whole series of strands of evidence and details of how we “stole” the Fund—evidence and details left hanging perhaps somewhat loosely in previous Parts; it tries to complete the jigsaw puzzle. It is concluded that we must be made to retrace our steps back to the Bretton Woods Conference and to Pax Atlantica of 1944, holding to our chest the soiled and tattered rage of multilateralism that did represent dreams and aspirations of almost two generations of Southern people—dreams and aspirations that became a nightmare and a graveyard and an imposed monstrosity defiling our times and our world. We have to retrace our steps back to 1944 with our rag tainted and defiled, but freed at last from the parasite that did infest it for so long and did gnaw at its soul. When we can look at that rage with eyes of horror and see the immensity of our aberration from decency and humanity, we will be able to start anew again. (. . .)

#### **A final Observation before I proceed to release Parts II-VI of this Letter**

Over and over again I’ve been told by people whose judgment I respect, that the Fund will do everything in its power to decimate me as an individual, and to destroy me as a professional economist, in the wake of this Letter. The overwhelming advice of those with my interests at heart is that I had better resist all dictates of conscience and keep my mouth shut. I refuse to do that; I will not be muzzled one iota; I will speak up; I have taken meticulous care in writing what I write; I am prepared to prove everything that I say—send me before the harshest judge and see what you will see. In any event, in the broad sweep, individuals are not important; Davison Budhoo is of no consequence. I’m a vessel and the message that I carry will get through; that’s the only thing that matters; irrespective of what may happen to Davison Budhoo, the message, the whole message, will get through. And this Letter does not define anything close to the whole message; it is only the tip of an iceberg. And as to what lies beneath—well, time will tell. Soon enough, time will tell.

Follow your instincts, Sir, and let the High Priests go empty-handed for a change—at least, think very carefully before taking their advice on what to do about this Letter. For we are not speaking anymore about technical problems in international finance, amenable to technical and “convenient” solutions (“convenient” to whom?). We’re speaking about our role in shaping the destiny of mankind; about the horrendous part that we have played on the 20th century world stage; about the legacy that we will leave to generation upon generation yet unborn; about man’s inherent right to follow the callings of his conscience and man’s efforts to try to save his soul; about the occasional sight of one individual throwing himself blindly at the feet of his fellow men and begging for mercy and amelioration.

So think carefully, Sir; think beyond the heat of an impassioned moment. Think as the man of compassion and vision that I believe you are.