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IMF - portrait of a serial killer

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Latin America, confronted with a spreading and deepening economic crisis, is a favoured terrain for the International Monetary Fund. However, it is also a source of concern to it as ruptures with its policies become generalized.

The crisis continues to deepen in Latin America. The Argentine disaster has spread very directly to neighbouring Uruguay, because of the economic and financial links between the two countries. For reasons of its own, Brazil has entered a phase of strong financial tensions, while social struggles are developing throughout the continent, from Venezuela where the Chavez government is again in the line of fire, to Peru and Bolivia. This climate has led the IMF to reorientate its policies vis-à-vis its two main sources of concern, namely Argentina and Brazil. The most spectacular manifestation of this turnabout was undoubtedly the announcement on August 8, 2002 of a 'megaloan' of thirty billion dollars to Brazil.

This attitude breaks with the IMF's recent orientation in two ways. In a general fashion, the IMF has chosen to react to the many criticisms made of it by adopting an isolationist course. Instead of injecting money to balance situations, better to let the logic of the market exert itself. Anne Krueger, deputy general director of the IMF, floated the idea of a status of bankruptcy for states. This new attitude was relayed by Paul O'Neill, US Treasury Secretary, who said that there was no use lending money only for it to later turn up in a Swiss bank account.

In Brazil, the IMF has made a very orchestrated attempt at blackmail and pressure tending to destabilize the presidential campaign of Lula. As late as April, the principal argument of the bourgeoisie and Cardoso was to play on catastrophism: if Lula was elected, there will be a situation similar to that in Argentina. It's hard to see the logic of the argument, given that Lula has for a long time opposed the neoliberal precepts of the IMF, which were precisely what have been followed by Argentine governments. In any case, the Brazilian currency, the real, continued to fall in value in relation to the dollar (40% since the beginning of the year) without obtaining the desired result, inasmuch as Lula remained in first place in the polls, while Cardoso's ratings continued to fall.

Faced with the threat of an uncontrolled extension of the crisis across the whole continent, the IMF returned to a more classic policy, aimed at reducing the pressure on Brazil. However, it did not abandon its attempts to influence Brazilian political life. As usual, its aid is subject to rigorous conditions, whose fulfillment 80% of the credits are linked to. These conditions take the form of considerable budget austerity with a surplus (before payment of interest) equal to 3.75% of GDP, and that until 2005 - well after the elections.

As IMF director general Horst Köhler stresses, it is 'a bridge provided for the next government'. The big novelty is that it is intended to involve all the candidates. Lula has accepted this responsibility: 'at present, we can pursue the electoral campaign without the threat of capital flight', he has said, leaving to his liberal running mate the job of pledging in advance not to break the terms of this agreement. Another tactic

The IMF's tactics in Argentina are obviously different. The Argentine economy having literally imploded, in part under the pressure of its demands for budgetary austerity, the IMF was obliged to take action. After having injected some tens of billions, it stopped the payments last December. It has since then waged a war of position, negotiating an adjustment programme in exchange for the resumption of its aid. The Argentine government has obtained some partial moratoriums on the dates of payment, like for example that of September 9, for 2.7 billion dollars. Perhaps this process could be stretched out until the next elections.

The IMF no longer wishes to destabilize a government exposed not only to the decomposition of the economy, but also to the rise of a popular opposition. In contrast to the attempts at conciliation of the Brazilian PT, the programme of the Argentine radical left rests on the freezing of the debt and the rejection of any discussion with the IMF. Prioritizing the satisfaction of the most urgent needs involves expropriation inside the country combined with a monopoly of foreign trade to centralize export income and halt capital flight. The IMF is then, on the offensive, as the financial arm of the US and its banks, in the name of capital in general. However, its policy also expresses its growing concern in the face of a possible generalization of policies which break from the order it defends.