

# **Your Money or Your Life**

**The World Bank, IMF, and neo-imperialism**

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**If you've ever owed money to a bank, you'll know it's not a pleasant experience. Depending on whether they think you're good for the money, the bank will either screw you in the short term or milk you dry over the long term. Banks are in the business of making money and generally they'll stop at nothing to get their way.**

Right now across the world, the lives of millions of people are in the hands of two of the most powerful financial institutions ever created – the International Monetary Fund (IMF) and the World Bank (WB). These banks hold the lion's share of the debt currently owed by the "Third World". This debt first accumulated in the 70's when poorer countries borrowed in order to develop their economies. But when the world recession hit in the 80's huge numbers of countries found they couldn't repay their loan – this was when the IMF and WB first stepped in.

## **TURMOIL**

To understand why the so-called "debt crisis" has happened we need to look back at why the WB and IMF were set up. This relates to when the world economy collapsed for the first time 70 years ago – an event often called the Great Depression. One of the major consequences of the Great Depression was the acknowledgement by those in power that the world economic system was unstable. This instability has given rise to massive poverty and social turmoil and, for the elite, one of the most worrying consequences of this was the trend towards revolution in Europe, Asia and South America.

When World War II neared conclusion, Bankers and Financiers from the Western countries met at Breton Woods to consider how best to minimise future economic instability and collapse. One of the key decisions taken was to set up the IMF and WB. These two institutions would be financed by the Western Powers and their primary role would be to "manage" the international financial markets – realising money in times of shortage, withdrawing cash in times of surplus. The WB and IMF played a major role in avoiding a world depression when they took over responsibility for the "bad debt" incurred by the "Third World" countries by the mid-1980's. Much of this debt was initially owed to private banks like Barclays, Credit Lyons, Chase Manhattan etc. In order to stave off a disaster (and the collapse of a number of major Western banks) the IMF and the WB moved in and 'loaned' money to a wide range of countries who were about to default on these loans.

This saved the big "private banks" from disaster, and gave the IMF and WB a position of overwhelming power that they have never relinquished.

## **FORCE**

Since the mid-1980's nearly 70 countries in the world have been "forced" to adopt "Structural Adjustment Programs" as conditions of loans and infrastructural projects designed and developed by the WB and IMF. Backed up by the massive economic power of the United States, Japan and European Union these SAP's (as they are known) were supposed to "revive" Third World economies. Instead they have led to disaster and massive poverty. Because of SAP's, local economies and wages have collapsed; basic services like sanitation, water, housing, health and education have fallen apart. Meanwhile the burden of debt has been forced onto the poorest of the poor with

the result that poverty has increased, life expectancy has deteriorated and infant mortality has soared.

While it is not difficult to see why the SAP's have failed (instead of promoting investment they suck the money supply from local economies) it is important to remember that these programs were never intended to be anything other than harsh. More to the point SAP's have played an important role in the long-term economic strategy of the West. This strategy is all about making Third World economies more dependent on (or "integrated into"!) Western needs and in particular more open to exploitation by Western multinationals; SAP's also guarantee the West a massive supply of cheap labour.

## **DEMOCRACY??**

The power that the IMF and WB now have is enormous. They are dictating to millions of people how they should live and what they should do. For many their policies mean a life of harsh exploitation and low wages, or even an early death.

We all want a world of freedom and justice, in which we have effective and meaningful control over the conditions of our lives. A world economy in which the lives of millions are controlled by a small number of Western bankers leads in the opposite direction. In fact, despite rampant poverty and desperation in the world, there is a massive surplus of wealth. The personal fortune of Bill Gates alone would sort out the major health and educational needs of billions of people (with change left over). In other words, the problem is not the generation of wealth but how it is distributed. And the problem of wealth distribution, as we all know, is one of power and politics. Wealth is distributed according to the interests of those with the power. After all, why is the "global South" in such debt? The historic exploitation of Africa, Asia and Latin America by European imperialism is the root cause not only of the economic, political, and cultural destabilisation of most of the world's people, but the continuing legacy of the WB and IMF themselves. In the current era, these centralised financial institutions are simply puppets of the Northern political elite and their corporate bosses, designed to maintain control on the hands of a few.

What is to be done? Anarchists want a democratic political economy. We want every "unit" of the world society (down to the smallest workplace, community and organisation) to be structured along egalitarian lines — election of managers, assemblies to organise work and work conditions; participation in active decision-making by all those affected by the decisions. This is our vision for the "long-term", but it is also our model for truly effective organising in the here and now. The use of top-down leadership will always be prone to the sorts of co-option and institutionalisation that have afflicted the world's struggles, including our own. But when we realise and create our own effective power, we build momentum for truly revolutionary change. Education and awareness is the first step in such a task. This is why we participated in the solidarity action known as S26 during the IMF meeting in Prague in the Czech Republic at the end of September 2000. S26 was an important step in bringing world attention to bear on the crime and injustices of the present 'debt crisis'. We were there to show our anger at this insane world!

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