

# The IMF and Global Dispossession

A senior project proposal

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## Summary

My project will explore the racial logic embedded in the International Monetary Fund's structural adjustment programs (SAPs), focusing on a case study of South Korea after the IMF bailout of South Korea in the 1997 Asian financial crisis.

## Introduction

Since its founding in 1944, the International Monetary Funds has amassed a total of 705 billion Special Drawing Rights (SDRs) in spending capacity, or about \$1 trillion. As opposed to the World Bank's extensive general lending system, IMF loans have played a pivotal role specifically during times of crisis. The relatively small organization (of only ~2,300 staff members) with no subsidiary organizations is able to move the global economy through these loans, millions of people at a time, and its focus on low-to-middle-income countries during crises means that the most vulnerable of the global population are affected by its work.

The IMF's loans are not without caveats. Under the stated purpose of ensuring loan repayment and financial stability, or "conditionality," the IMF requires that loan-receiving countries also implement a set of macroeconomic policy reforms known as Structural Adjustment Programs (SAPs). These include "purely" economic measures like currency devaluation, austerity measures, and restructuring or refinancing foreign debts, but also include liberalization of markets broadly, privatization of state-owned companies in particular, opening the country to foreign investment, and most relevantly to this project, a stipulation for the country to move towards resource extraction and export. Although the majority of IMF loans do come with market-rate interest rates and often require collateral, both of which can be a significant burden for countries requesting aid, SAPs are far more powerful in terms of creating long-term subjugating economic relations. SAPs push countries in the Global South to cheaply produce and export goods to the Global North, where only then they are realized as profit.<sup>1</sup> SAPs push countries to denationalize basic necessities and turn them over to multinational corporations in order to qualify for loans.<sup>2</sup>

## My project

My project seeks to explore the racial logic embedded in the SAPs, beginning with Paula Chakravartty and Denise da Silva's collection *Race, Empire, and the Crisis of the Subprime*.<sup>3</sup> They note that while Marxist geographer David Harvey's theory of *accumulation by dispossession* turns towards the social processes of dispossession that are at capitalism's core, Harvey takes race for granted in his writing because he notes simply the disproportionate burden of these acts of dispossession on people of color without discussing the racial logic that would allow such a burden to appear. Race and racism are taken as "primitive" concepts over which modern capitalist forces take hold. They argue that race continues to order accumulation in and of itself, and specifically in the subprime mortgage crisis that Black recipients of loans are continually configured to be outside of the relationship of an economic transaction and the capacity to pay one side of the trade.<sup>4</sup>

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<sup>1</sup>^This is the main subject of Smith, *Imperialism in the Twenty-First Century*.

<sup>2</sup>^See Ciafone, "Endowing the Neoliberal University" for a detailed history on Yale's relationship with privatizing Indonesian power.

<sup>3</sup>Chakravartty and Silva, "Accumulation, Dispossession, and Debt."

<sup>4</sup>^See also Silva, *Toward a Global Idea of Race* for more from da Silva on this topic.

But their discussion, while framed as a study of global capitalism and arguing that “race as the *naturalized* ways U.S. Americans deploy the term cannot be the privileged and sole critical descriptor” of the various manifestations of the logics of dispossession on the “others of Europe,” still stops short of studying dispossession across the globe. Their collection does not touch on relationships between or across nations, institutions that drive these processes forth, or how the crises they discuss manifest elsewhere.

My project will thus fulfill a complement to their discussion by discussing debt and raciality as global concepts. While they focus on U.S. banking institutions and the subprime mortgage loan, I will focus on the IMF’s crisis loans; while they critique the dispossession of the “others of Europe” by focusing on Black and Latino/a homeowners, I will focus on the (mis)handling of the 1997 Asian financial crisis. More than just being a difference in topic or scope, I hope that this positioning will enable my project to tie in their analysis of the racial logic of debt into postcolonial theory and theories of globalization.

I will explore this firstly through a paper that will give a history of the 1997 Asian financial crisis in South Korea and the IMF’s response, focusing on the criteria the IMF uses to approve a loan and the policies they attach to it. These will mostly come from the IMF archives, found [here](#), and South Korean government archives found [here](#).

I will explore this secondly in a creative medium, by creating a set of interactive visualizations of the relationships my paper will discuss. These will focus on import and export relationships held by loan recipient countries before and after IMF loans, SAPs’ role in investment from former imperial powers into their formerly colonized countries, and a comparison of criteria used by the IMF in different geographic contexts. Data will come from the Monitoring of Fund Arrangements (MONA<sup>5</sup>) database hosted publicly by the IMF, and will be combined with trade datasets jointly authored by the World Integrated Trade Solution (an initiative from the World Bank) and the United Nations Statistical Division. The web page will be a single zoomable, scrollable world map, with lines illustrating trade information and countries colored to denote loan amount. Clicking any of these lines or countries displays more information on the loan received and statistics on manufacturing exports over the next several years. Next to a map will be a sidebar explaining the transformation of market relations that John Smith and my paper will describe. The web page will be made with the d3.js and Mapbox GL JS libraries in JavaScript, and data processing will be done through the R language for statistical computing.

## Potential issues

The IMF reading rooms are currently closed to external visitors due to the COVID-19 pandemic. Many of their materials are already hosted online and viewable through the catalog page described above, but it will be difficult to access the bulk of their resources for the foreseeable future. I will work with the IMF librarians on this point.

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<sup>5</sup>A confusing acronym (shouldn’t it be MOFA?). See <https://www.imf.org/external/np/pdr/mona/index.aspx> for more info on this source.

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