

The IMF and Global Dispossession

A senior project proposal

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Introduction

Background

Since its founding in 1944, the International Monetary Fund (IMF) has amassed a total of 705 billion Special Drawing Rights 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 Washington-based 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. 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.¹ SAPs push countries to denationalize basic necessities and turn them over to multinational corporations in order to qualify for loans.² In more direct terms, SAPs push countries into a recapitulated racial hierarchy, a new imperialism,

¹This is the main subject of Smith, *Imperialism in the Twenty-First Century*.

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

an imperialism for the twenty-first century.³

My project

My project seeks to explore the racial logic embedded in SAPs, rejecting the exterior colorblindness of contemporary financial loans by questioning the racial assumptions they make and the world-reordering consequences they bring forth.

This will begin with Paula Chakravartty and Denise da Silva's collection *Race, Empire, and the Crisis of the Subprime*.⁴ They note that while Marxist geographer David Harvey's theory of *accumulation by dispossession* emphasizes 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. He stops short of discussing the racial logic that would allow such a burden to appear. Thus, even while criticizing the burden of the economic impact on people of color, race and racism are taken as "primitive" or preexisting concepts over which modern capitalist forces take hold. Da Silva and Chakravartty push back on this and 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.⁵

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 attempt to complement to their discussion by discussing debt and raciality as global concepts. While Chakravartty and da Silva 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, and as a case study focus on the crisis' escalation to catastrophe in South Korea.

South Korea is relevant for a number of reasons. It was under the rule of four different states over the past one hundred and fifty years, was destroyed by war and four decades of dictatorship after its supposed "liberation" from Japan, and was separated arbitrarily from its northern half by the whim of two U.S. Navy Officers.⁶ Yet today the nation enjoys a sort of "model modernity" status of postindustrial success.⁷

³Harvey, *The New Imperialism*; Smith, *Imperialism in the Twenty-First Century*.

⁴Chakravartty and da Silva, "Accumulation, Dispossession, and Debt."

⁵See also Silva, *Toward a Global Idea of Race* for more from da Silva on this topic.

⁶Some useful thinkers here are Chang, *Protest Dialectics*; Cho, *Haunting the Korean Diaspora*; and Cumings, *The Origins of the Korean War*.

⁷While the term "model modernity" was said to me by Professor Lowe as a conversational, on-the-spot insight during an

Like the much-discussed myth of Asian Americans as a “model minority” in the U.S., that status connotes a group that has endured hardship but ultimately has played by the (Western) rules of capitalist success to achieve some semblance of “prosperity” today. Not only does this rely on a false notion of prosperity, for neither the “model minority” Asian Americans nor the “model modernity” of South Korea are liberated from colonialism today, but the status also hides how the logic that led to the “success” of certain groups perpetuates the oppression of others. South Korea has only enjoyed “order” because Korea has cemented patriarchal norms through draft culture,⁸ and it has only enjoyed “peace” because it sent almost a million troops to Vietnam in exchange for U.S. capital and technology during the Vietnam War.⁹ Other countries that do not experience the same economic

The economic crisis of 1997 exemplifies this dynamic and exposes a momentary contradiction in the march to capitalist modernity. Before the crisis, South Korea was boasting record low unemployment rates, had worker’s rights and labor laws that were among the strongest of the OECD group, all with a consistently low inflation rate and was known for its cautious stance on foreign investment.¹⁰ But the unemployment rate in South Korea quadrupled in less than a year after the crisis began in October 1997, and the IMF quickly transitioned from an obscure international economic agency into a household name.¹¹ The former face of the new Korean generation and proclaimer of equality, Kim Dae-Jung, turned an about-face on his belief in protecting the Korean economy and quickly accepted the IMF’s recommendation to put Korea’s central banks up for sale.¹² In other words, the glass image of capitalist stability was cracked and laid bare, as the IMF quickly opened the South Korean economy for outside financial institutions to buy up and the labor rights fought for by unions were reset after company acquisitions. My paper will uncover how this process was made possible – what racial and national categories were present, how *race* specifically was a relevant category, and why such a relationship between the IMF and the Korean government did not occur elsewhere in the world.

More than just being a difference in topic or scope, I hope that this positioning will enable my project to connect Chakravartty and da Silva’s analysis of the racial logic of debt with postcolonial theory and theories of globalization. These are undoubtedly concepts that Da Silva and Chakravartty stretch towards in their collection, and other authors have similarly tried to bridge the gap between contemporary theories of race and theories of globalization.¹³ But in my view, very little literature has questioned the

advising meeting, I believe others have deployed this term as well – specifically Lye, “Model Modernity”; but also Chettri and McDuie-Ra, “Delinquent Borderlands” and Wilks, *Race, Gender, and Comparative Black Modernism*.

⁸Or “militarized modernity,” as popularized by Moon, *Militarized Modernity and Gendered Citizenship in South Korea*.

⁹Chang, *Protest Dialectics*.

¹⁰Clift, *The IMF and the Politics of Austerity in the Wake of the Global Financial Crisis*; Hwang, “Long-Term Implications of Neoliberal Restructuring and Rising Inequality”; Kim and Hong, “The IMF, Globalization, and Changes in the Media Power Structure in South Korea.”

¹¹Kim and Finch, “Living with Rhetoric, Living Against Rhetoric”; Martin-Jones, “Decompressing Modernity”; Park, “The Labor Market Policy and Social Safety Net in Korea.”

¹²Chossudovsky, “The Recolonization of Korea.”

¹³Some of my favorite ones are Amin, *Capitalism in the Age of Globalization*; Featherstone, *Global Culture*; Sassen, *Glob-*

racial categories that give rise to the “globalized” world of today. Discussion on globalization criticizes the unequal economic nature and sometimes (like Harvey) notes the disproportionate impact of this economic burden on people of color, but no theoretical or empirical discussion has discussed how the racial and economic imbalances are not coincidental but part of the same fundamental process of capitalist dispossession. I hope that my thesis can fill this gap.

Methods

Format of presentation

I will explore the IMF’s processes of dispossession 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](#), the South Korean government archives found [here](#), and South Korean newspapers from the 1997-2000 years (the “IMF era”) hosted [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. The web page will be a set of zoomable, clickable, scrollable maps on the global and national-level scales (i.e. the Korean peninsula). Next to each map will be a sidebar explaining the story behind each map. The web page will be made with the Vue, d3.js, and Mapbox GL JS libraries in JavaScript, and data processing will be done through the R language for statistical computing.

A version of the website in its current (extremely limited) state can be found at <https://imfdispossession.info>.

One note on disciplines

My hope in this approach is to blend methods of presentation that have been useful to me, but beyond my personal preferences I hope to also unite disciplinary divides that have frustrated me for the past four years. I consider this project to be rooted in ethnic studies and cultural studies, because its main focus will be on cycles of oppression and its contestation by those directly affected by it. But my project will also incorporate quantitative (demographic) perspectives from economics and statistics, pushing back on the implicit notion of the critical as qualitative and conversely the quantitative as uncritical. To elaborate, the critical theory at the heart of ethnic studies is usually pursued through purely “qualitative” methods, which leaves much to be said on how “quantitative” methods of S&DS should be seen as just as subjective,

alization and Its Discontents; and Jenkins, *The Bonds of Inequality*, but there is so much insight and work in this field that cannot fit into a single footnote.

opinionated, and creative. In other words, numeric and technical methods are just as full of qualitative components as those methods of history, poem, memoir, ethnography, and so on that we canonically assign the label of “qualitative.” Both of my double majors of ER&M and S&DS (and perhaps every major at Yale besides Computing and the Arts) abide by this disciplinary boundary, to the effect of upholding the binding of “critical” with “qualitative” and conversely reinforcing the separation of “critical” from “quantitative.”

Notes on research plan and timeline

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.

The most important scheduling point I should make known is that I hope to study abroad in South Korea for a year beginning in March of 2022, and have applied for the Light Fellowship in language study for this purpose. If I receive the fellowship, I will take a leave of absence from regular studies from January through December of 2022, and return to work on the thesis and finish my last semester of Yale in Spring of 2023.

- November 1st
 - annotated wireframes for website completed
 - at this stage gathering sources, preparing for potential winter break trip to IMF
 - Online primary resources gathered with notes
- November 15th
 - Prototypes for website graphics without animation completed
 - Literature review outline finished
- December 1st
 - Literature review finished
 - Main argument outline begun
- December 15th
 - Draft of first section of paper complete
- January 1st, 2023
 - Have visited the South Korean national archives and the IMF archives if they are available to the public.

- Begun writing main body of paper
- February 1st
 - Website and visualizations are near-complete (save for text, which will come from the in-progress paper)
- March 1st
 - First draft completed

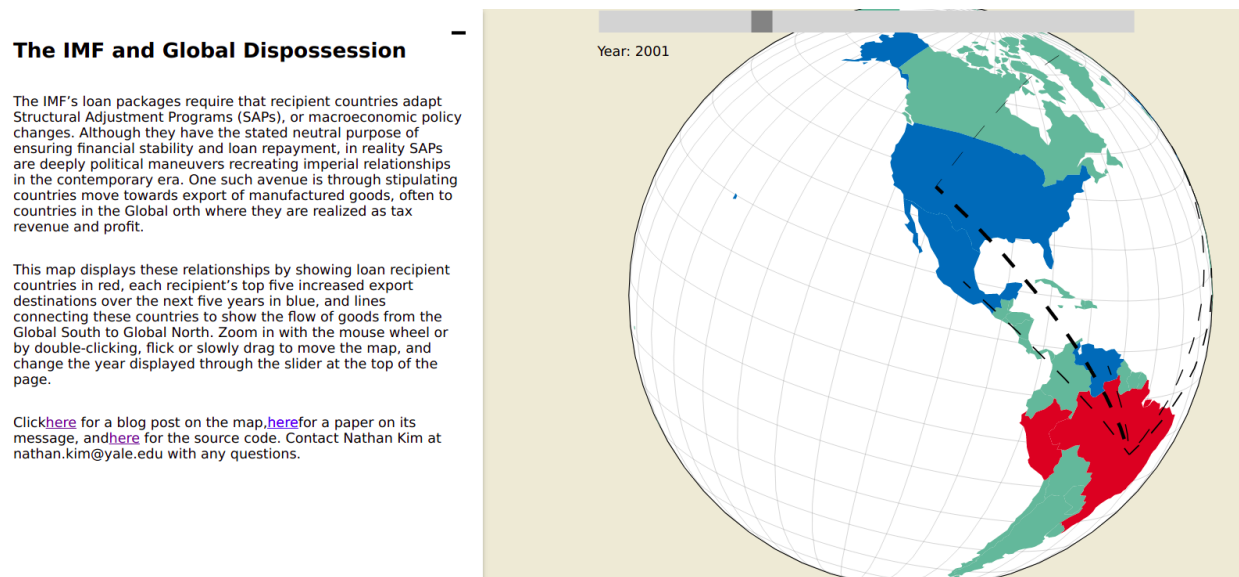


Figure 1: A preview of the current state of the site.

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