The IMF and Global Dispossession

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Introduction

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. This spending capacity is deployed as loans during times of crisis, compared to the World Bank's extensive general lending system. Through these loans, relatively small Washington-based organization (of only ~2,300 staff members) with no subsidiary organizations is able to move the global economy, 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 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.[This is the main subject of @smithImperialismTwentyFirstCentury2016] SAPs push countries to denationalize basic necessities and turn them over to multinational corporations in order to qualify for loans.[See @ciafoneEndowingNeoliberalUniversity2005 for a detailed history on Yale's relationship with privatizing Indonesian power.] In more direct terms, SAPs push countries into a recapitulated racial hierarchy, a new imperialism, an imperialism for the twenty-first century.[@harveyNewImperialism2003; @smithImperialismTwentyFirstCentury2016]

This thesis is a historical analysis of the IMF's intervention in Korea during the 1997 Asian Financial Crisis. The Asian Financial Crisis was the worst economic crisis Indonesia, Thailand, and South Korea experienced since being formally liberated, overtaking even the 2008 global economic crisis in severity and scope.

Despite being a history, my main contribution is not an unveilment of a series of events of the crisis, but instead a analysis of the discursive relations through which the crisis is understood and used. I argue that the IMF's treatment of the crisis is more than an economic intervention and instead pushes the world into a recapitulated racial order. Through the delegation of blame, through the policies prescribed, through diplomatic relations with debtor countries, and through the post-crisis analysis, the IMF is able to elevate the world of Western creditors while denigrating those who depend on them. These debtor countries are most relevantly the crisis-ridden countries in Asia, but through comparison with other countries and other crises, the IMF is able to construct a hierarchy in which the entire globe takes part and the IMF watches over. In doing so, the IMF brings forth racial categories of empires past, congratulating some countries as "models" for others, others as "acceptable," and all debtors as having experienced crises because they had not yet progressed to the level of the successful countries that served as creditors.

In this argument, I draw from scholars of the Marxist strain of dependency theory, and expand on the common conception of dependency as material to encompass dependency as an epistemelogical relation. [expand later] To similarly argue for the congruence of material and social functions of contemporary capital, I draw from scholars of traditional Marxist traditions like Rosa Luxemburg, John Smith, and David Harvey, and more directly from scholars of racial capitalism like Paula Chakravartty, Denise Ferreira da Silva, and others.

Theoretical background

Racialized accumulation by dispossession

My thesis begins with Marx, and specifically his writing on capitalist accumulation. For Marx, the distinction between capitalism and feudalism or other modes of production lay in employer's ability to systematically generate profit. By only paying the amount that was required for capitalists to continue consuming worker's labor power, or in other words low hourly wages, even selling a product simply at its market-desired value could generate returns for the owner of the machinery and process that created the product (also known as the means of production). The generated profit could be reinvested to generate additional product, turning what could be simply leftover profit into capital.

Capital accumulation inevitably leads to overaccumulation. At some point the resources required to sustain this process reach a limit – perhaps there is not enough land to continue expanding a farm or factory, or there is not enough demand to consume the products generated by the reinvestment of capital. In both the former case of a production-side problem or the latter case of a consumption-side problem, overaccumulation occurs because of continuous drive to produce without end. As Marx says, "The ultimate reason for all real crises always remains the poverty and restricted consumption of the masses as opposed to the drive of capitalist production to develop the productive forces as though only the absolute consuming power of society constituted their limit."[1].

There are generally two strategies that can accomodate this overaccumulation. On one hand, and as Marx described, the products may undergo a massive devaluation. This constitutes most of our modern economic crises, including the Asian financial crisis as will be explained below. When products that were in excess are devalued, they can again be bought and sold as capital, and the march towards production can begin again.

Marxist philosopher-activist Rosa Luxemburg pointed out another possibility in *The Accumulation of Capital* (1913), arguing that the underpayment of workers would require products under capitalism to be underbought, and that capitalism's solution for itself was expansion via war and conquest to find new consumer bases where these surplus commodities could be realized as profit. Around the same time period, Vladmir Lenin published his iconic pamphlet *Imperialism: The Highest Stage of Capitalism* that detailed the converse of this process. While Luxemburg saw expansion as capitalism's temporary "fix" in providing new consumers, Lenin saw expansion as capitalism's temporary "fix" in providing new resources and workers from which a larger array of products could be generated. Both saw the events of the time, like Japan's annexation of Korea and intrusion into China,

Over a hundred years after Marx first wrote about overaccumulation, David Harvey revisited these works and synthesized them with Marx's writing on *primitive accumulation*. Marx saw the economic process of accumulation as having started with capital obtained by entirely noneconomic and violent means.

[1] @marx1992; cited in @sewell

These included gold and silver taken from the Americas, the enslavement and murder of Indigenous populations there, the looting of South Asia by the British East India Company, the Transatlantic slave trade and enslavement of Africans in America, and the forceful expropriation of land from the English peasantry. Harvey argued in 2003 that these violent appropriations that Marx described did not just contribute to accumulation during the prehistory of capital, as Marx described, but was an essential aspect of accumulation itself. Similarly, restructuring and expansion described by Lenin, Luxemburg, and others that capitalism required did not only take place not only in times of formal economic crises but throughout all of capitalist history. Given that these appropriations were not "primitive" as Marx called them but were an integral part of accumulation, Harvey termed these processes as *accumulation by dispossession*.

In addition to a temporal synthesis, Harvey's theory of accumulation by dispossession also pushed theories of capitalism towards viewing capitalism as a social and dispossessive process rather than an economic one. Marx originally described capital as both a social and economic relation, and although no one has challenged or doubted this characterization, traditional Marxist theory and contemporary trends in cultural studies and the humanities have somewhat suggested a widening rift in the social and economic aspects of capitalism. The theory of accumulation by dispossession provided a return to this original formulation, made even more relevant by the obfuscated and constantly reorganizing economies of the neoliberal age.

The phrase and theory of accumulation by dispossession has struck a chord in the past twenty years, generating thousands of texts that expand on Harvey's own writing and apply the concept to many social contexts.[2] The theory has generated much criticism as well, from both traditional Marxists and from cultural theorists.[3] One important strand of critique begins with Paula Chakravartty and Denise da Silva's collection *Race, Empire, and the Crisis of the Subprime*.[@chakravarttyAccumulationDispossessionDebt2012a; followed by @byrd2018; @kish2015; @mccarthy2016; @tilley2018] They note that while 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

[2] @banerjee-guha2010; @flint2018; @glassman2006; @hall2013; @krippner2011; @thatcher2016; @webster2014
[3] @bin2018; @das2017

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. Ferreira 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.[See also @silvaGlobalIdeaRace for more from Ferreira 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 attempt to complement to their discussion by discussing debt and raciality as global concepts. While Chakravartty and Ferreira 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.

More than just being a difference in topic or scope, I hope that this positioning will enable my project to connect Chakravartty and Ferreira da Silva's analysis of the racial logic of debt with postcolonial theory and theories of globalization. These are undoubtedly concepts that Ferreira 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.[4] But in my view, very little literature has questioned the racial categories that give rise to the "globalized" world of today. Discussion on globalization, expanded on below, often 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

[4] Relevant here are @amin2014; @featherstoneGlobalCultureNationalism1990; @sassen1998; and @jenkinsBondsInequalityDebt2021, but there is so much insight and work in this field that cannot fit into a single footnote.

fundamental process of capitalist dispossession. I hope that my thesis can fill this gap.

Dependency and world-systems theory

The second major line of Marxist theorists I will draw from are scholars exploring dependency and world-systems theory.

Though dependency theory draws from Marxists theorists of imperialism like Lenin and Luxemburg, it began in a more official sense a few years after the end of World War II. As scores of nations around the world declared and fought for their independence, trade relations were increasingly not enforced by one nation having sovereign power over another, but by the laws of the "free" market and trade agreements between two distinct nations. But the reigns of former colonial powers were of course not relinquished with formal independence. A key example of this lies in the trends of prices in "primary products" like food and water against trends of prices in manufactured goods like machinery. Primary products, as necessities, often could not raise prices in response to demand as manufactured goods do. As a result, economies based on exports of raw goods like primary products have less and less purchasing power over time compared to manufactured goods from larger nations. Formerly colonized countries that have had their economies forcibly oriented towards the production and export of raw materials are thus placed at a ever-worsening disadvantage once they enter the "free" market.

Hans Singer and Raul Prebisch wrote on this dynamic separately in 1949, comprising what would become known as the Prebisch-Singer hypothesis of inequality between countries.[5] This also laid the foundation for dependency theory, or a social-economic analysis of the inequality between former colonial powers and the peoples they once colonized. Other scholars quickly followed Prebisch and Singer, expanding on dependency theory to account for many other factors besides the trade relationship described in the Prebisch-Singer hypothesis. Walter Rodney, in his famous book *How Europe Underdeveloped Africa*, wrote on Europe's colonial relationship with Africa as the chief cause of underdeveloped economies in Africa. Far from simply progressing unevenly, Rodney contends that Europe was only able to "progress" to its current stage of capitalist success because it deprived that from African nations

[5] @prebisch1962; @singer1949

through slavery and structuring economies towards exports of raw materials and exports of everything else from colonial metropoles.

The common point in all of these theories is recognizing interdependent but uneven pattern of development between "core" countries with financial power and "periphery" countries that do not. For countries at the core to enjoy everything from automobiles to electricity, both tangible material resources and financial capital in the abstract had to be moved from countries at the periphery to countries at the core of the world.

Perhaps the most recognizable extension of dependency theory comes in the form of world-systems analysis, which emerged during the 1970s most famously with Immanuel Wallerstein's writing. Like dependency theory, world-systems analysis saw development not as a country's internal process but as inseparable from its place in the world at large. Unlike dependency theory, which focused on units of relationships between former colonial powers and their respective former colonies, Wallerstein attempted to take a more expansive perspective in also considering intra-regional and within-nation relationships. Given that capitalist exploitation occurred in much the same way within a nation itself as it did across nations, and that many different international economic relationships existed besides metropoles of empires exploiting their colonies (or former colonies), a theorization of the world at large had to stretch quite a bit beyond the focus of dependency theory.

In other words, for Wallerstein the subject of analysis was not a single country's dependency on another, but how the world at large functioned independent of any qualifying condition.[6] He began by describing mini-systems, world empires, and world-economies as the three types of social systems that could exist, and argued in Volume 1 of *The Modern World-System* that the current system was the capitalist world-economy, and this encapsulated the entire world. Within the capitalist world-economy were institutions, or structures that enabled its functions; Wallerstein divded these into the market, states, households, (economic) classes, and "status-groups" or identities that individuals belonged to. These institutions lent their own interrelated notions of structure and hierarchy to the world, often in seemingly contradictory ways. For example, institutions like the market move us to prescribe to the universalist

[6]For example, independent of a former colonizer-colony relationship, or a recognizable exploiter-exploited relationship, or even from nation to nation.

notion of meritocracy, where all individuals are held to a single standard of judgment by capacity. On the other hand, institutions of status-groups are built through the anti-universalist norms like racism and sexism, where individuals are held to multiple standards based on their race and gender.

World-systems analysis has faced a number of critiques over the years for its supposedly all-encompassing narrative described above. The most popular and continual of these content that Wallerstein neglects culture.[7] Though Wallerstein acknowledges and describes culture as a part of the world-system,[8] critics argue that his conception of culture does not acknowledge its complexity, in treating identity as discrete status-groups without deconstructing their origin or reproduction. They also contend that Wallerstein and many orthodox Marxist worldviews see historical progression are driven chiefly by economic developments, and thus inaccurately portray culture as secondary to an economic base or root.

More broadly, world-systems analysis and dependency theory's focus on material and financial capital prevents these schools of thought from deconstructing the epistemological categories that let material goods and financial capital move, or that may appear even when the movement of physical resources does not. Political ideology, race and gender, space, among others remain mostly unquestioned in discussions of dependency or world-systems. Theorists ike Wallerstein and Rodney, who do theorize on how capital accumulation functions across race as a category, neglect to deconstruct race or ask how the category itself was formed.

One example of this economic focus and its incompleteness can be seen in Korea's relationship with the United States. Both dependency theory and world-systems theory focus on material goods and their transport, and in a secondary sense focus on finance capital and its transport across the globe. This does not apply well to countries like Korea; the U.S. did not begin occupying Korea in 1945 for economic or material gain, but to support the logic of liberal capitalism that was threatened by the Soviet Union, North Korea, and China. Nonetheless, Korea never stopped depending on the U.S. and paid in large amounts for this. For example, South Korea fulfilled the U.S. request to send 750,000 troops as support

[7] @lee2007, @aronowitz1981, @robertson1985, @mueller2020, @sanderson2005, @benton1996

[8] @mueller2020 interestingly notes Wallertsein's response that "I feel I've studied culture all my life," from an interview in @kumar2001

during the Vietnam War in exchange for technological and financial repayment that Korea received for decades from the U.S. Korea's economy for many years was based on exports to its former colonizer of Japan and to the United States.[9]. In other words, the relationship between Korea and the United States does not fit the typical cases described by dependency and world-systems theorists, but the relationship has still been one of a former colony in the periphery being dependent on a "core" imperial power, to the effect of upholding the pulse of capitalism.

Wallerstein offered a useful comment on world-systems analyses' limitations in 1998, when he argued that world-systems analysis was not a theory in its own right but only an analysis of the world.[10] World-systems analysis was first presented as an argument against modernization theory, pointing out how many of modernization theory's notions of progress contradicted the material conditions of the world at the time, and especially its unequal patterns of development. World-systems analysis was begun to push back on this, and thus its main focus in Wallerstein's words was not to provide a true theory of the world but to "clear the underbrush" for future conceptions of the world and its development. While disagreeing with the Wallerstein's use of "theory" semantically,[11] I agree with the general sentiment that the worldview presented by world-systems analysis does not have to be relied on, or even battled over in a fight for some single theory of the world.

To conclude, dependency theory and world-systems analysis are incredibly valuable, but have always been incomplete. While Chakravartty, Ferreira da Silva, Micahel McCarthy, and others as cited above fall short of describing the global, dependency and world-systems analysts fall short of describing the social and racial. It seems that these perspectives have much to offer, but much like Wallerstein suggests it seems that the best path would be to take some of their themes and then attempt to theorize once more.

[9] @hart-landsberg1984a, @han1974

[10] @wallerstein1998, pp. 109.

[11] Ruth Wilson Gilmore describes theorizing as a ubiquitous task we undertake whether we would like to or not. Everything from planning our day to reflecting on our own lives to producing an academic paper describing a train of thought is theorizing. I prefer this perspective.

Existing work on the IMF and Korea

The IMF and the Asian financial crisis

The role of the IMF in the Asian financial crisis offers one chance for this expanded theorization. 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 while being known for its cautious stance on foreign investment.[12] 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.[13].

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.[14] 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.

The responses in the literature for the IMF intervention here is polarized, and for the purposes of my analysis fall into three groups. The first are traditional economic analyses of the IMF's programs, which generally support the IMF's goals even if sometimes criticizing the current state of structural adjustment programs (SAPs).[15] The most regular players here come from the IMF itself, as well as associated parties like the World Trade Organization and the US Treasury. The consensus of these parties, even after the Asian financial crisis,

The second group are critical of the IMF, and through both quantitative and qualitative analyses try to identify the detrimental nature of the IMF's programs to the economic growth of a country.[16] Of particular note in this group are the International Financial Institution Advisory Committee, organized in 1998 by the U.S. Congress after the Asian Financial Crisis. This committee, headed by Allan Meltzer of Carnegie Mellon University, produced a report largely of the IMF's current policy of conditionality

[12] @cliftIMFPoliticsAusterity2018; @hwangLongTermImplicationsNeoliberal2015; @kim2001imf
[13] @kim2002; @martin-jones2007; @park1999
[14] @chossudovsky2000
[15] @griesgraber, @bird2017, @stone2004, @feldstein1998
[16] @vines2004; @meltzer2000; @clements2013; @garuda2000; @barro2005; @stiglitz2003; @easterly2005

and suggested replacing it with limited "pre-conditions" that would guarantee a loan during crisis. The "Meltzer Report" was met with large criticism from the first group mentioned above, as a "radical" or unreasonable reform.[17] One commission member, Charles Calomiris, complained in a Congressional hearing about these responses, saying that "[B]ehind closed doors many critics are candid about their primary reason for objecting to our proposals: 'Forget economics; it's the foreign policy, stupid.' "[18] In other words, the Meltzer Report had attempted to give reforms that were reasonable economically, but believed the report was rejected because of conflicting goals for foreign policy. Also of note here is the former chief economist and senior vice president of the World Bank, Joseph Stiglitz, who was likely the most prominent critic of the IMF's policies during this era.[19] Stiglitz's criticisms were similarly met with unpopularity among some.[20]

Critics like Stiglitz of this second group often defend globalization and the core goals of the IMF even while critizing some of its enforcers, arguing that there simply must be a return to the IMF's roots to make globalization work for everyone. In contrast, the third group of writers on the IMF take issue not only with the IMF's implementations of its mandate but also the conceptual grounding on which these programs are made.[21] These writers recognize that the IMF's economic motivations are political ones, which often derive from extended and recapitulated colonial relationships. Julie Mueller of this group is most explicit in this approach, advocating for a neo-Gramscian approach that analyzes both the IMF's policies and the conditions leading to consent to these policies in recipient countries. She contends that the success of the IMF to convince the world its fundamental form of intervention is necessary, along with the gigantic coffers to support its policies, have constituted a new world hegemon.

I hope to join this third group of writers, and extend their discussion with the discussion of raciality

[17] See the U.S. Treasury response at https://www.treasury.gov/press-center/press-releases/Documents/meltzer.pdf, @zotero-398; @bird2000; and discussion of the debate at @goldstein2002a

[18] @calomiris2000

[19] See @stiglitz2003 as cited above, but also @stiglitz2000; @stiglitz2001a; and @stiglitz2001b.

[20] An interesting note is that Stiglitz had serious competition at the time with then-U.S. Treasury Secretary Lawrence Summers over this position, even contending that Summers prevented him from being re-appointed to Stiglitz' World Bank position in 1999. Lawrence Summers would of course then go on to be President of Harvard University before being kicked out for his conflict with the legendary Cornel West, sexist rants on the underrepresentation of women in STEM, ties to Jeffrey Epstein, and paying a professor's $28.5M lawsuit.

[21] @cliftIMFPoliticsAusterity2018; @leeThineOwnselfBe2003a; @mccleeryWashingtonConsensusPostmortem2008; @jeon2014; @muellerIMFNeoliberalismHegemony2011; @mueller2010; @rileyPoliticsGlobalDebt2016;@sargentDebtEntanglementsWars2019; @stuelke2021

as co-constitutive to the logic of financial capital. With solely an economic focus on the IMF's policies, we are left with the fairly obvious contention that the programs benefit some but leave others behind. But this statement is not new, and even one that the IMF would likely agree with. Given the organization openly advocated for "labor market flexibility" in the Asian financial crisis, the IMF seemed to have thought some would receive for the worse end of its policies in exchange for the greater good of economic progression. A historical, cultural, and conceptual perspective of of the IMF must be undertaken to understand the impact of this uneven development. This includes linking the history of the IMF's responses and economic crises to the history of empire, and analyzing the social categories that the IMF uses and reinforces.

Korean history

Both of these items can be seen through an incorporation of Korea's historical trajectory and relationship with the United States.

Historians of colonial Korea today include Theodore Jun Yoo, Todd Henry, Gi-Wook Shin, David Fedman, and many others. Rather than focusing on establishing a chronological history of Korea under Japanese rule, these historians focus on specific epistemelogical and social categories that are regulated by the Japanese state and contested by native Koreans. On questions of land, to cosmopolitan space, to gender and sexuality, the Japanese government put forth formal and informal regulations, and in response Koreans would rebel through moments like the March First Movement, through guerilla fighting in the Korean mountains, or by striking in Japanese-Korean factories.[22].

After the ending of Japanese colonization, Korea was unilaterally split in two by the United States. The divide was infamously drawn by two army officials, who had little knowledge of Korea besides a National Geographic map that they used to draw the section of Korea they wanted to keep from the Soviet Union. This began the period of violence that would later develop into the Korean War, which would end with an armistice signed between China, the United Nations as led by the United States, and North Korea in 1953. Korea would see a horrific scale of violence during this time, with more bombing

[22] @henry2020; @shin2014; @shin1999; @yoo2008; @fedman2020; @henry2016

than in the entire Pacific Theater during World War II. This along with the fact that the war had no clear beginning or ending, that this war quickly became known in the U.S. as "the forgotten war," and the fact that this served as the first period of bloodshed for the U.S.' battle against communism, have served as the motivation for many historians' work.[23] Critical histories of the Korean War begin with Bruce Cumings' *Origins of the Korean War*, and today include also Grace Cho's *The Haunting of the Korean Diaspora*, a collection of works in *positions: east asia critique* titled *the unending korean war* and led by Christine Hong, Monica Kim's *The Interrogation Rooms of the Korean War*, and Daniel Kim's *The Intimacies of Conflict*.[24] Cumings serves as a foundation here, showing in his 1981 text *The Origins of the Korean War* that the United States military effectively began the Korean War with the arbitrary separation of the nation in 1945 and the numerous massacres and concentration camps set up by the US-backed Syngman Rhee regime in Korea between 1945 and 1950. The more modern works continue this attempt to push back on the U.S. periodization of the war as a conflict from 1950 to 1953, describing how the violence extended before and much beyond these years.

They also position the conflict and U.S. intervention as the beginning of a turbulent era of U.S.-backed military dictatorships, beginning with Syngman Rhee's appointment by the U.S. army in 1945, lasting until the 1987 democratization of Korea. Charles Kim, Seungsook Moon, Paul Chang, Namhee Lee, and many others have written on South Korea during this period, documenting the intellectual and cultural trends that fueled resistance in these regimes.[25] Of particular note is the *minjung* movement, or perhaps "movement of the masses," a student and intellectual movement seeking to reclaim Korean history as that of victimhood to that of agency. Other writing on organizing in Korea extends Namhee Lee's writing on this.[26]

In summary, recent trends in histories of Korea have turned away from uncovering an objective truth as a first generation of U.S. scholars had, but towards more explicitly critiquing and deconstructing social categories in Korea's history.[27] However, much of this perspective is lacking for the economy of Korea in

[23] @fehrenbach2000; @fehrenbach2000; @stone2014, @sandler2014

[24] @cho2008; @cumings1981; @hong2015; @kim2020a; @kim2020

[25] @chang2015; @kim2017; @lee2011; @woo2019

[26] @em2013; @kang2010; @choiDiscourseDecolonizationPopular1997; @choo2016

[27] This is not at all to incriminate the first generation of scholars as being unnuanced or incorrect; histories like Cumings' that exposed what military aggression and popular narratives hid are of course essential, and themselves unpacked ideology

a global context, and the IMF crisis in Korea. The majority of works in this field that analyze Korea's place in the crisis are aligned with the perspective of the IMF, indicting the "crony capitalism" of Korean *chaebol* groups without acknowledging any of the financial conditions that led to the crisis, the intervention that exacerbated it, or the logic that drove the intervention. Some exceptions here are writing from Jesook Song on the welfare state during the crisis, and several works from film studies, from Joseph Jonghyun Jeon, Jinying Li, and David Martin-Jones.[28]

A brief history of the IMF

First steps, first visions

Although the IMF was founded in 1944, the commitments behind the IMF began some years prior. Most notably are the series of agreements between the U.S. and Great Britain declaring their allyship and vision of the world after World War II, beginning with the Atlantic Charter in 1941. These included a right to self-determination for all nations (though Churchill in September 1941 argued that this only applied to states of the German empire), a common goal towards disarmament, and in economic terms a movement towards free trade for all nations through prevention of tariffs and currency devaluations. This emphasis on free trade for all nations departed from the terms of the Paris Peace Conference of 1919, which ended with economic punishment for Germany. These restrictions have generally been regarded as leading to the electoral success of the Nazi Party in the 1930s, and the Allies in the negotiations after World War II thus wanted to find a different path to peace.

After the Atlantic Charter of 1941, the two nations began independently drafting what these ideals could amount to. On the British side, prominent economist John Maynard Keynes took on this task; on the American side, the US Treasury Department official Harry White, at the discretion of Treasury Secretary Henry Morgenthau, began drafting proposals. Though they had in common the establishment of an international fund that could assist the world during crises, the

At the heart of White's proposal was the establishment of the the dollar standard. Under this system,

and culture as well.

[28] @song2007; @jeon2014; @jeon2019; @li2009; @martin-jones2007

the U.S. Treasury would use economic policy to maintain the value of the dollar at $35 dollars for one ounce of gold, and all nations had to fix their currencies to the United States dollar through fixed exchange rates. This departed from the previous standard of gold alone, which White felt was valuable in unifying currencies into a single system but required an alternative in case countries' gold reserves temporarily ran low. America's large gold reserves at the time, along with its otherwise dominant economy, and of course White's own allegiance as a United States official, led him to argue for the U.S. dollar as a complement to the gold standard. To match the dollar-gold duo standard, and cement its stability, White proposed a "Stabilization Fund;" when a country did not have enough of either currency to pay its international payments, it could draw from this fund to avoid an international crisis.

The dollar standard would

Keynes' proposal differed quite a bit. While White had a high level of respect for the gold standard of the prewar era, Keynes instead called the gold standard a "barbarous relic." For every country to value their currency in terms of gold would mean any given country could not immediately devalue its own currency, as that would mean devaluing the gold supply that other countries held. A country would thus be unable to slow down drastic inflationary periods by deflating its currency and vice versa, a restriction that ran antithetical to Keynes' more general belief in fiscal policy to regulate the market. Keynes' proposal thus focused on an International Clearing Bank that handled all international transactions, and these transactions would occur in terms of "bank money" as currency (and later *bancor*, or French for "bank gold"). The new bank would mean a central party to always ensure two countries could trade with each otheThusr even if they lacked the other's currency or the equivalent amount of gold, and the new currency in particular would not vary according to mining technology and national policies as gold could.

These proposals met in Bretton Woods, New Hampshire in July 1944. The conference had broad goals to establish international standards for finance and trade, which translated to three specific commissions at the conference. The first commission, headed by the United States' Harry Dexter White, set out to establish the International Monetary Fund. The second, headed by Britain's John Maynard Keynes, was meant to establish the funding arm of the World Bank, which would be called the International Bank for Reconstruction and Development (IBRD). The third commission essentially captured everything else, and was chaired by the Mexican Minister of Finance Eduardo Suarez.

Officials from 44 nations arrived at the Bretton Woods conference debated on the postwar financial order, but the majority of the conference was led by the United States and Britain, and the conference in turn became a compromise between Harry White and John Maynard Keynes' proposals described above. The Bretton Woods conference had itself emerged as a successor to the earlier Atlantic Conference between the U.S. and Britain, a fact that was reflected in everything from the two major powers chairing the two major commissions of the conference to the location and attendance of the parties involved (the United States had almost three times as many officials present as Britain, which sent the second-most delegates). But among the two powers, the United States had the higher strategic hand, because the commission Britain was chairing had nearly all of its terms already agreed upon by member nations. The United States also was in a much better place financially than Britain was in 1944, as it had even profited from the war effort before joining the war effort in December 1941.

The impact of this balance of the conference's deciding power led to the new financial order reflecting mostly that of Harry Dexter White. (elaborate).

Firstly, the logistics of both the IMF and the IBRD favored the United States by being headquartered in Washington, D.C.

These results were not received well by every country. The Soviet Union first submitted several amendments to White's plan including discounts and special loans for reconstruction of war-torn nations, and designated procedures for countries with state-controlled foreign trade (like the Soviet Union). The Russian delegation also pushed for its participation in setting the exchange rate of its currency. These pushes were cast as an independent check on the American and British interests, given that really no other party had a major voice in the conference. Even after signing the agreement at the Bretton Woods conference, the Soviet Union refused to ratify the Bretton Woods agreement when the time came in December 1945. And despite positive exchanges between the Soviet and American delegations at the conference itself, a Soviet representative would charge in 1947 at a United Nations conference that the IMF and the World Bank were merely "branches of Wall Street."

The other major development with regards to capitalist-communist cooperation was Harry Dexter

White himself. White had even stated in 1919 that "Russia is the first instance of a socialist economy in action. And it works!" [cite from battle of bretton woods page 6], and pushed for better relations with the Russian delegation during the conference itself. He sent multiple complements to the delegation that were eventually wired to Moscow, praising them for "excellent leadership" and that "Soviet experts have been most cooperative and have shown high technical competence and a thorough understanding of the proposals." [soviet union and the bretton woods conf pg 96]. In 1950, two years after White's death, it was revealed that White had acted as an informant for the Soviet Union for many years, even passing them plates to print Allied currency in postwar Germany and obstructing a $200 million U.S. loan to Nationalist China under the direction of the Soviet Union. These claims began as early as 1939, several years before White architected the new financial order, and began seriously taking hold in 1947, leading him to resign from his role as Director of the IMF. White died in 1948, and the FBI confirmed his role as a Soviet spy through the Venon project in 1950.[29]

Despite these claims of espionage, White was not really a Communist, least of all in the policies he fought for. His proposal strongly benefited American banks that could lend or hold dollars for other nations, and U.S. monetary policy that could simply print more dollars as would benefit American corporations during deflationary periods (other countries could not print dollars). Because of this, he arguably did more for American international capitalism than nearly any other person during the World War II era. White seemed to have a very specific vision of what the postwar era should look like – a single, harmonious global order led by American capital and regulated by the monetary policy of the U.S. Treasury, where the Soviet Union would be among its strongest allies in both trade and diplomacy. These can be seen in his non-confidential writings, for example when he argued to the Bureau of Engraving and Printing that the Soviet Union "must be trusted to the same degree as the other allies," and for this reason should be given U.S. plates. [273]

Due to the breakdown of U.S.-Soviet relations after World War II, the IMF and the Bretton Woods system never really served this purpose. After Harry Truman ascended to U.S. Presidency, U.S. policies regarding the IMF moved from the Treasury Department to the State Department, and in general the U.S.

[29] The documents used to do so were only revealed in late 90s after a Congressional investigation

regime began marching its way into the Cold War. In 1950, Poland withdrew, then in 1954, Czechoslovakia withdrew from the IMF. The U.S. government would block the entry of the People's Republic of China.[30] Only three countries from Africa and zero countries from Asia were among the original members of the IMF. White's vision of an American-led unified financial order would not take hold for some time. He would have to settle for an American-led fragmented world order instead.

[check out soviet participation details at Harry Dexter White https://link.springer.com/content/pdf/10.1007%2F978-3-319-60891-4.pdf]

To conclude, though there were some mild attempts at international cooperation, the Bretton Woods system clearly represented the interests of only a few, being born out mostly out of the United States' and to a lesser extent Britain's interests. The efforts of any individuals to make an international system were still fundamentally to build a world order benefiting the dollar and U.S. interests, and these efforts would fade as the Cold War wore on. The IMF, World Bank, and the world's financial standards in general were forged at the behest of the United STates.

The nations of the Third World did not have a voice represented at the conference for the most part, and most still had not obtained their independence. Even the term "Third World" would not be coined by Alfred Sauvy until five years after the financial order was developed. The accords that would structure the next three decades were monumental, cementing a new financial order, but that order was one born not of struggle but of

The end of the dollar standard

Conflict over the Bretton Woods system did not just occur between the First and Second Worlds. As the first international agreement for currency exchange rates, things were rocky, and every country had something to say about the use of the dollar-gold peg system. The Soviet Union, shown above, was opposed to this system from nearly the start for the power it gave to U.S. dollar-holding banks. Some European nations were opposed to the dollar standard because their economies grew past what the Bretton Woods system had assumed. West Germany's economy had grown in large amounts since the end of World War

[30] @boughtonIMFForceHistory2004

II, and its currency increased in value sharply until monetary policy was not enough to keep it at its original rate to the dollar. So West Germany decided to leave the system.

Other countries objected to the use of the dollar standard as unfairly benefiting the United States, with the French Finance Minister Valéry Giscard d'Estaing complaining of this as America's "exorbitant privilege." The dollar standard helped establish the U.S. dollar as the world's reserve currency, or a single currency through which all international trade was made. A common language for trade was the de facto standard for all nations, as it would require much more work to produce and manage separate exchange systems across every possible combination of currencies. Under White's version of Bretton Woods, the dollar became the peg that nations had to maintain, and most nations also took the dollar as their reserve currency partially because that they were already prepared to exchange their currencies for it.[31] Politicians like d'Estaing found this reserve currency status distateful, because while France and other countries had to produce and sell goods to the U.S. or another dollar-holding country to obtain dollars, the U.S. began with a massive coffer of dollars and had the sovereign power to print more dollars as needed.[32]

France was also worried by postwar developments and U.S. spending after the war, which pumped so many dollars into the world economy that it eventually overtook the dollar value of U.S.-held gold. This meant that the dollar was worth less than what the nominal $35/ounce rate might suggest, and this was soon evidenced when the private gold market showed gold as worth $40/ounce in 1960 (44, Gold the Dollar and wataergate). The rate to buy gold from the U.S. state at $35/ounce was therefore attractive, as it was less than what gold was actually worth. Despite some policy attempts to reverse this trend, eventually Switzerland and then France opted to convert their dollars to gold. General Secretary of the Soviet Union Leonid Brezhnev commented that this series of developments reflected "the possibility of a profound crisis of the capitalist system."

- vietnam war framing – that the war was going so well that nixon's attention would now be on the

[31]Under Keynes' system, this would have been the stateless "bank money" or *bancor* as explained above. Also, "partially" here is because while the dollar standard helped cement the reserve currency practice, the elephant in the room is the dominance of the U.S. economy itself that made the dollar appear safer than other currency.

[32]On one hand, it's a little more complicated than that, as the U.S. was obligated to maintain the dollar-gold ratio at $35/ounce, and printing endless amounts of dollars would drive that down. On the other hand, as explained in the following paragraph, this essentially happened after the U.S. pumped so many dollars into the world economy that the value of the dollar went down.

economy

The Nixon adminstration saw these developments and realized that the Bretton Woods dollar-gold standard was falling apart. In August 1971, Nixon announced that he would end the international convertibility of U.S. dollars to gold at the fixed $35/ounce, in effect removing the U.S. from the gold standard and letting it "float" instead – having its value fluctuate according to the market. The "Nixon shock," for it was made unilaterally by the Nixon administration, echoed throughout the world, as European nations moved to tie their currencies together.

A side effect of the unpopularity of the dollar at the time was the introduction of the Special Drawing Right (SDR) as the official currency of the IMF in 1969. It seemed that both the dollar and gold faced issues of scarcity that made them more unstable than the IMF accounts should be, if they were a diverse pool of resources from all over the world. The value of the SDR would attempt to reflect that pool of resources, being originally given value from the value of 16 currencies of the world's largest economies.[33] Although the SDR worked in giving the IMF an alternative currency to use, it was limited in use compared to an international currency. It could only be used with the IMF and especially not with private parties, the allocation of SDRs was always subject to IMF approval, and the dollar still remained in most nations' coffers as the dominant reserve currency of the world.

Thus, the IMF emerged mostly unscathed from the end of the dollar-gold standard. Bretton Woods fell, but the IMF lived on.

The emergence of conditionality

The other major development the IMF underwent during this era was the solidification of its policy of conditionality. Conditionality, or the set of conditions that a country must agree to in order to receive a loan from the IMF, was not part of the original IMF as established in the Bretton Woods agreement. This was not to say that the original IMF functioned solely as a fund that member nations could draw from freely, as it was mandated to prevent nations from running large trade deficits or surpluses in order to avoid economic crises. The policy of conditionality established later differed in being not a blanket set

[33] Today the formula for the value of the SDR only includes five.

of regulations for all, but specifically targeting countries that requested loans from the IMF. Countries that requested loans from the IMF were now subject to disciplinary rules and special standards.

This officially began in February 1952 during an Executive Board meeting. The Managing Director would cautiously frame the Fund's resolution by stating that

> [E]ven at the outset I think it must be clear that access to the Fund should not be denied because a member is in difficulty. On the contrary, the task of the Fund is to help members that need temporary help, and requests should be expected from members that are in trouble in greater or lesser degree.

[pg 2],

These were finally set into metaphorical stone in 1969, when the IMF Articles of Agreement were amended for the first time. The IMF was ready to say that as part of its core duties, it would "adopt policies on the use of its resources that will assist members to solve their balance of payments problems ... and that will establish adequate safeguards for the temporary use of its resources."

In other words, the Fund was meant to try its best to give loans as it was intended to, and the regulations attached should not specifically target those nations in need. In this meeting other officials would similarly express caution over these regulations, for example blocking the Fund from requiring short-term repurchase agreements and even a requirement for nations to provide a written statement agreeing with the "principles" of a lending decision.[34] Besides these sentiments, the IMF did not extensively restrict or specify the types of conditions that could be attached, with the Managing Director stating that "it would be too much to expect that we should be able to solve with one stroke the entire problem of access to the Fund's resources ... We shall have to feel our way."

Despite the cautious sentiments about the IMF's power, "feeling its way" meant negotiating these policies with each country for each crisis, and the IMF as a financially and politically powerful institution often had the upper hand in these negotiations. Countries in crisis, especially countries with smaller economies and less external resources, needed loans from the IMF more than the IMF "needed" any

[34] A repurchase agreement involves one party selling securities and purchasing them back at another date. This could function as collateral in the case of the IMF; a nation would give the IMF a security as collateral for cash.

country. The IMF did feel its way through the conditionality issue over decades of practice, but it would eventually veer towards more conditions, more stringent conditions, and conditions birthed from the limited-government stnaces advocated for during the 1980s.

The prime example of these can be seen in the IMF's response to the Latin American debt crisis of the 1980s, the most severe and widespread economic crisis in Latin American history and the largest test of the IMF's aid programs. Before the crisis, the IMF's policies of conditionality were undoubtedly known and common. But after the crisis, when the IMF had to not only negotiate between a country but conduct a set of negotiations across an entire continent, these policies began to consolidate into a canon. These policies had cohered into a set of principles that John Williamson would famously call the Washington Consensus in 1989. In other words, through practice, a single set of principles would dominate over others.

The crisis began building from economic activity of the 1970s. As Latin American countries underwent large development campaigns, they took out large loans from American banks. American banks saw these campaigns as relatively safe investments and therefore lent them money. An element of doing-as-others-did was at play here; as large banks gave loans to Latin American countries, other banks felt it was safe to do the same. Brazil, Chile, Argentina, Peru, and Mexico especially began building large amounts of foreign debt. Debt to foreign creditors began at $29 billion in 1970, but by 1982 Latin American nations owed $327 billion dollars – an increase of over 1000% percent in ten years. Economist Jeffrey Sachs noted at the time that for nine major U.S. banks, the total amount loaned to Latin American countries totaled almost three times their capital.

Around the same time, partially due to Nixon's move to end the Bretton Woods system as described above, the world underwent a period of "stagflation" that involved a continued increase in currency value (inflation) but rising unemployment and stagnant economic output. In 1980, U.S. Secretary of Treasury Paul Volcker began a recovery campaign from this recession through anti-inflation measures, which meant increased interest rates on U.S. loans to other nations towards a general campaign to push down the value of the U.S. dollar. The "Volcker shock" resulted in a tamed inflation rate for the United States, but also a global contraction of trade. Latin American countries that depended heavily on trade were hit hard, as their exports dropped dramatically in value.

The trend in accumulating debt for a decade suddenly became unstable because of this. U.S. banks began ending the trend of refinancing expiring loans, making countries scramble to pay loans back. Even Latin American countries that did not experience this issue had to continue depleting their reserves to pay heightened interest payments, which reached over 18% near their peak in 1981.[35] And these continued depletions could not be matched by exports to adequately replenish a country's reserves, as these exports fell in value due to the economic ripples of the Volcker shockn value due to the economic ripples of the Volcker shock.

The unstated assumption in the literature here is that these programs most often centered around industrialization programs that Latin

Eventually, the mountain of debt began to fall. In August 12th, 1982, Mexican Finance Minister Jesús Silva Herzog announced that Mexico could no longer pay its debt, beginning a 90-day moratorium on loan payments and requesting a restructuring of its loans so that they could be paid. Silva Herzog, U.S. Secretary of Treasury Paul Volcker, and IMF Managing Director Jacques de Larosière began immediately coordinating a financing plan to prevent the crisis from escalating any further. Mexico would implement the IMF's prescribed adjustment program, in exchange for about $1.3 billion from the IMF, $925 million each from the Bank of International Settlements and the U.S. government, and about $5 billion from a staggering 526 commercial banks. In March 3rd, 1983, the agreement was signed, and in March 15th, the last of 526 partnering banks finished signing this agreement. Other countries followed suit over the next three years, some because they were in the same position as Mexico and others because panicking banks ended the trend of refinancing and their had to immediately be paid. One by one, the IMF began arranging deals with governments.

For Mexico, this meant increasing the price of gasoline, eliminating the fixed "preferential" exchange rate that Mexico used for essential goods to ensure that they could always be bought, and a cut of the national fiscal deficit from 16.5 percent to 8.5 percent of the countries' GDP. For Brazil, this meant similarly meant reducing the borrowing requirement from 14% of the GDP to 8% by 1983, preventing wage

[35] pg 89 manuel pastor jr

increases, and steadily devaluing the *cruzeiro*. Other countries' experiences took after Mexico, Brazil, and Argentina's (Latin America's three largest economies at the time) experiences here, all of these prescriptions oriented towards quickly increasing governments' ability to pay off debt by cutting its expenses, and in the process convincing foreign creditors that remaining in these countries was safe.

These requirements are strict and resulted in many countries slashing public funding that in fact made the crisis worse, requiring a second set of bailouts in the second half of the 1980s. But these conditions were still relatively cautious, because most discussion around conditionality at the time tried to limit its role. In 1979, speakers at the IMF's Annual Meeting argued that IMF loan packages be greatly increased in size and be given with fewer conditions, which Managing Director Jacques de Larosière encouraged his senior staff to do. Ariel Buira, a Director at the IMF from Mexico, would in 1981 lambast arguments for conditionality cutting down on debtor nations' government programs, saying that

> This [argument for conditionality] is a nice 19th century liberal conception in which the state has a purely regulatory role and no development responsibilities, but surely one on which the Fund's 140 odd member countries may have their own views. I know that my authorities do not expect Fund guidance on this matter.

For Buira, this view was simplistic and contradictory. How could proponents of limited government argue that the IMF should have expanded conditionality? Buira would go on in this statement to suggest that the practice of conditionality be placed under a formal review, given that the IMF's current case-by-case basis put debtor countries' prescribed packages at the whims of IMF staff.

But despite Buira and others' protests, the IMF would expand conditionality to cover structural reforms over the next few years. The initial set of credit lines with limited conditionality in the early 1980s proved to be a failure, with most countries still lacking funds by 1985 to pay back their debts. IMF staffers and creditor nations began pushing for stronger conditions in hopes that the money they had invested could be recovered. The review that Buira had advocated for supported structural reforms when it was published in 1986. More broadly, U.S. President Reagan's popularity meant advocacy of limited government became the norm rather than an exception.

In 1985, U.S. Secretary of Treasury James Baker would introduce a new recovery package would be called the Baker Plan. This strategy would shift from short-term to long-term loans, and as opposed to simpler fiscal austerity requirements, would also require countries to

In blunt terms, this plan also did not work. Latin American countries continued to default on their loans. A different strategy was needed, as it became increasingly clear that many countries would not be able to pay back their loans no matter how hard they were pushed. In 1989, seven years after the crisis had formally begun, U.S. Treasury Secretary Nicholas Brady would introduce the Brady Plan as a final attempt to stop the crisis. The Brady Plan allowed creditor banks to switch their loans to tradable and discounted bonds, essentially letting banks with large investments in Latin American countries offload a portion to other banks, and in doing so become less cautious about investing again in Latin America. With renewed foreign investors' confidence, the crisis was finally over.

Buira describes conditionality at best as "paternalism, by which a country is guided towards its own good, rather like a parent or a teacher guides a child in its own best interests," and at worst "elements that are unnecessary to overcoming the payments crisis." One may harken back to paternal justifications for empire of the sovereign kind, for everything from James Kipling's *The White Man's Burden* to Churchill's insistence on denying Indian citizens of their independence. Implicit in the assumptions of both justifications lie that those who enforce these conditions know best, but "know best" always happens to benefit the enforcer much more than the debtor country. These standards even overlap in scope, with both "old" colonial empires and the new reign of the IMF converting dependent nations into export-oriented economies.

But unlike the regimes of empires past, the logic of the IMF operates singularly on an economic discourse without making reference to race or to the character of the subjects in the dependent nation. The IMF is also intent on promoting itself as international, even limiting

This thesis is not an economic one, so the point of this perspective on conditionality is not to prove or disprove the effect of any particular condition on any particular economic outcome. Rather, I hope it is plainly obvious how the IMF is not a lending fund that countries may use during times of crisis but an enforcer of those policies essential to the contemporary capitalist world order, and further how older structures of empire have been reworked for the modern day by institutions like the IMF. The mechanisms of this continuance is visible in a multitude of ways, for example in the kinds of standards that are enforced in both types of regimes and who they benefit, but this thesis' main focus lies in the assumptions behind these standards and how the standards ultimately force these assumptions to be fulfilled.

The IMF, version 1.0

The IMF received much criticism for its handling of the Latin American crisis. (summarize criticisms, both then and now)

But the IMF, if anything, was strengthened after the Latin American debt crisis. IMF economists and IMF-organized conferences produced volumes of writing justifying the high-conditionality of the debt crisis, and the policies of conditionality til today have not fundamentally changed even to today. The enforcement of loans during this era set a precedent for future intervention with a more cohesive set of policies, constituting the "Washington Consensus" in the words of John Williamson.

The emergence of this set of policies was the culmination of the transformation set in motion in the 60s. The IMF originally ensured that the fixed exchange rates of the Bretton Woods system remained stable by providing liquidity to countries before their currencies could fall precipitously. After the Nixon shock of 1973, the IMF no longer served as the funding complement to a system of monetary policies, and instead began implementing economic policies itself, policies which were defined through great detail in the Latin American debt crisis of the 1980s.

- 16753/3469 from 75-79 but 13936/24295 in early 80s and 6363/15271 in the late 80s (561)

This is not to leave the original IMF free of criticism. The central goals of the IMF stayed the same. Explicitly, the IMF was meant to preserve financial stability through regulating all nations' monetary systems. Implicitly, the policies of the IMF were still constructed by and benefited banks in creditor nations, most consistently the United States.

- the IMF now was not a fund but an authority, with policies that were enforced not by sovereign power but by loans to save a debtor nation from ruin.

- add disclaimer in footnote: the washington consensus itself wasn't as bad as it could have been, williamson just wanted to discuss the lowest common denominator. There was considerable range in the policies that were actually applied

But by the end of the Latin American debt crisis, the IMF, as an institutional force, had outlived the original Bretton Woods agreement that led to its birth. The dollar-gold duo system that had led to political debacle in the 1960s and 70s was effectively nonexistent in the 1980s, but the IMF was more present than ever.

The Asian Financial Crisis of 1997

If the Latin American debt crisis was an experiment on the continental scale to establish the IMF's logic, the Asian debt crisis was a

- latin american debt crisis was experiment
- asian crisis exposes the hierarchical and contradictory nature of that logic

that logi

-

The Asian financial crisis was born out of conditions very similar to those that created the Latin American debt crisis. In brief, in the 1980s, Asian countries experienced a surge of investment from foreign creditors. A series of shocks in the global financial world (including the Latin American debt crisis) led to this "investment" becoming unrepayable debts that mounted higher and higher. Thailand eventually became the first to acknowledge these debts could not be repaid in July 1997. A chain reaction of foreign divestment began, leading to the closure of giant corporations in Asia, millions of people losing their jobs, and intervention from the IMF becoming the only possible option for affected countries. That intervention was coupled with higher interest rates and more stringent conditions than those that had been suggested for Latin American countries, even while the 1980s had revealed those reforms to be a failure.

As will be argued in this section, most profitable (wc) for the IMF was that the crisis seemed to stem from Asian financial misbehavior and the IMF's interventions appeared to succeed. Korea, for example, paid its loan amount of $21 billion back four years before the required deadline of 2005, leading to congratulatory remarks from IMF Managing Director Horst Kohler. Kohler would state that the relationship between the IMF and South Korea "has been exemplary and in many respects serves as a model for other countries." For other nations, Kohler and other IMF officials would issue similar but tamer remarks that the crisis had been born out of non-cooperation but was solved through "acceptable" repayment schedules and policy adoptions.

By leveraging the blame onto the crisis-ridden nations, the IMF avoids culpability of itself and of creditor banks that participated in the speculation at the center of the crisis. More broadly and more importantly, the discourse of the IMF allows itself to be painted as a fundamentally necessary policy institution in order for debtor countries to be properly incorporated into the Western world of capitalism and to be saved should they fail. Importantly, though the loaned amount is important and necessary, at the heart of the IMF programs are signals to – they are chiefly discursive, not material.

The rest of this thesis explores this series of events in greater detail. I first discuss the years building up to the crisis, specifically the economic and political liberalization of the 1980s that several Asian economies underwent, as well as the foreign speculative investment that emerged in response to this liberalization. This is followed by a discussion of the crisis itself, from outbreak and escalation to intervention and aftermath. I conclude by discussing the post-crisis analyses that the IMF and its critics have undertaken to retrospectively understand the crisis.

The history here will focus on South Korea, and for context will include the crisis' development in Thailand and to a lesser extent in Indonesia. But the trends here are app

- these are where crisis hit the most
- for korea it's because the

Speculation

For Indonesia, Thailand, and South Korea, the decade and a half leading up to the crisis can be described both as an economic boom and a series of mistakes that would lead to meltdown in 1997.

In other parts of the world, these periods can be considered fairly tumultuous economically. Financial institutions worldwide panicked after Saddam Hussain's invasion of Kuwait in 1990, leading to a sharp increase in the price of oil worldwide and triggering a minor economic recession in the United States and Europe.The Latin American debt crisis had of course taken hold in the 1980s, and even in the 1990s nations in Latin America were shaken again with the Mexican peso crisis of 1994. Perhaps most importantly, the Soviet Union was dissolved in December 1991 after a decade and a half of President Gorbachev's liberalization programs. This triggered a depression in Eastern Europe after Russia suddenly stopped many of its export programs.

For Indonesia, Thailand, South Korea, and other nations, however, both economic and political situations appeared more stable than had been for decades. In Thailand, sinc e

In South Korea, after four decades of military dictatorships, the nation began in 1987 a formal democracy after the June Democratic Sturggle against President Chun Doo-Hwan [wording]. From here on, [the country was fairly stable economically]. In Thailand and

hm it seems that thailand had a fairly tumultuous government with several coups through the 80s and 90s...

In these three nations, financial institutions freed from previous lending restrictions meant that new avenues of investment could be found. For Thailand especially, this meant financing real estate development as part of a more general development boom. These projects were generally seen as safe because many of these development projects were under the supervision of the government, and because these projects were collateralized with real estate that would increase in value over time. Domestic banks took on these projects at such high amounts that they eventually ran low on cash, themselves requiring loans from creditors in the United States.

This accelerated for a near-constant period since 1973, despite Thailand's several coups in this period. Banks continued to take out larger loans from financial institutions, and similar to the practices of Latin

American countries pre-crisis, there existed implicit guarantees that short-term loans could simply be "rolled over" when they were due as long as the markets on the whole appeared stable. International banks continued to finance domestic banks, and domestic banks financed real estate projects.

To attract these foreign investors, the Thai government raised interest rates on Thai bonds [get specifics] in the early 1990s, meaning the value of Thai currency and products as a whole rose. Thai exports thus became less desirable in the global market. At the same time, a few investments turning sour pushed banks to target riskier investments to make up their losses. The risk on these investments was also generally underestimated given the economic success of Thailand at the time.

This pattern resulted in the Thai currency being valued at significantly more than what foreign investors thought it was worth. It also appeared that the value of the baht would soon drop given the riskier investments that banks had been taking on. Perhaps the biggest contributor to this instability was the Thai government's commitment to

Foreign speculation began in this period, as outside investors bought bonds from the Thai government in the Thai baht currency that could be redeemed for dollars at a predetermined rates. These investors beleieved that the value of the baht would soon drop, making the dollars that they would gain a profitable investment compared to the baht that had been put in. [fix]

American hedge funds began making their move. George Soros' Quantum Fund took a $1 billion position against the Thai baht in 1996 out of the Fund's total assets of $12 billion at the time. Julia Robertson's Tiger Fund took a $3 billion position against the Thai baht. In response, the Thai government began raising its interest rates even higher, hoping it would prevent foreigners from purchasing assets that could be used in speculative attacks, while still encouraging foreigners to finance Thai banks' development projects as explained above. The heightened interest rates likely did have some deterrent effect on speculators, but speculators' positions still kept climbing. [get some numbers on this]

It was at this period that discussions between the Thai and Indonesian governments and the IMF began. The IMF repeatedly attempted to convince the Thai government to devalue its currency and cut its losses, which the Thai government refused to do on the grounds that it would lead to speculators' massive profiting and could trigger an economic panic. The IMF also pressed the Thai government to share macroeconomic data, which the Thai government was extremely wary of sharing given that this could also trigger an economic panic. Also, despite the mostly cordial nature, the political nature of the IMF even before the crisis was fairly sensitive. The Thai government likely also did not want to provide data to the IMF surveillance programs ("surveillance" being the official IMF designation) because it saw the IMF as reflecting the interests of Western creditors.

Discussions between the IMF Managing Director Michael Camdessus, IMF First Deputy Managing Directory Stanley Fischer, and [officials names] would continue for six months. In May 1997, the first speculative attack began, with foreign investors selling their

— give discussion of indonesia here

Korea faced a much different situation than Thailand in the years leading up to the crisis, but creditors and the IMF believed the same patterns of secrecy and "crony capitalism" were at fault for the crisis. South Korea had been formally freed from colonial rule in 1945, but since then had experienced a tumultuous four decades of beginning with rule by the U.S. military, followed by a civil war provoked by the U.S. division of Korea, and then decades of military dictatorships and civilian protests.

The military dictatorships in this period were partially able to maintain rule because of their heavy emphasis on industrialization and the need for economic stability, which even these regimes' most ardent opponents agreed on. In the eyes of the Rhee, Park, and Chun regimes, constitutional rights could come after Korea had its own internationally competitive conglomerates. Until then, opposition had to be quelled. Millions of people were imprisoned, first through concentration camps established by Syngman Rhee, and then for twenty years through political repression by the Park Chung Hee regime's Korean Central Intelligence Agency (KCIA).

Of the most prominent of these detainees was Kim Dae-Jung, a presidential candidate in 1971 that became the face of the opposition against Park Chung Hee. He was nearly assassinated after the election results showed much closer than the Park regime was expected, then was kidnapped in 1973 by the KCIA after he fled form the country. He was sentenced to death by Park's successor, Chun Doo Hwan, in 1980, after which Kim fled to the United States. Kim's continued criticism against these regimes was that economic success was absolutely not contingent on the restriction of human rights. [some other stuff]

He gained

Given this position as the face of the Korean left for nearly twenty years before he finally became President, it is at first surprising that his first action as President was to wholeheartedly accept the IMF policy prescription for reforms.

- "If we are to put the Korean economy back on the right track, we must develop democracy and a free market economy in parallel, as Western countries have done." - speech at emory in 1998
- criticized the government-led economic model of governments past
- Especially during the periods of military rule when any notion of civil rights was explicitly pushed towards the side, a notion outside of the promises of liberalism was impossible/unthinkable
  - not a indictment of individual people but of the conditions from which that line of thought was born
- was given the nickname "neoliberal revolutionist"

Kim's election was part of many developments symbolizing Korea's arrival to modernity. Decades of protest culminated in the June Struggle of 1987 and the establishment of popular elections for the Korean Presidency. The year after, Korea hosted the 1988 Olympics, spending billions of dollars on development and ceremonies to demonstrate its progress [reword]. In 1995, the World Bank moved Korea from the "borrower" status it had previously occupied, and in 1996, Korea joined the OECD. It seemed fitting to many that the most popular presidential candidate be Kim Dae-Jung, as if Korea had finally graduated from the dictatorships Kim so prominently stood against.

In the midst of these developments were the continued proliferation of large family-owned *chaebol* corporations, which had first arisen with the Park regime's subsidy policies. International financial bodies like the IMF were cautious about these; while most attributed the so-called "Miracle on the Han River" to the state-assisted development of these corporations, the heavy hand of the state seemed antithetical to the free market enthusiasts of the day.

This cautious stance became only more so as 1997 [word?? developed? unfolded?]. On January 23, 1997, Hanbo Steel declared bankruptcy with a debt of $5.8 billion to domestic banks. Rumors flew alleging that President Kim Young Sam's son, Kim Hyon Chul, had pushed banks to support the failing company. Sammi, another steel manufacturer, and Jinro, South Korea's largest liquor manufacturer, defaulted on their debts in March and April and had to be given emergency loans by domestic banks.

Korea's economy otherwise seemed to be doing fine [elaborate], but the news of the failure of these large companies made foreigners cautious. Short-term loans that had previously been supplied to Korean banks began to stop being rolled over. When Thailand declared on July 2nd, 1997 that it would float the baht, foreigners began to panic. Perhaps the largest cause for alarm came on July 15th, when Kia Motors declared bankruptcy and control was handed to a government-formed bankruptcy protection committee. Kia was the eighth-largest *chaebol* in Korea and much larger than any of the preceding bankrupt groups,

The fall of Hanbo, Sammi, Jinro, and Kia stand out not because they were triggered by the foreign capital crisis escalating in Thailand, nor that their fall was triggered by a corrupt corporate practice, but because they were not rescued as they had been in the four decades prior. Kang Kyong Shik stated this bluntly in response to the fall of Sammi, saying that "the government is no longer able or willing to rescue poorly managed, bankrupt companies with taxpayer's money." Even in the leadup to the crisis, the massive debts incurred by Sammi, Hanbo, and Kia especially occurred not because of a macroeconomic problem but because the steel industry as a whole had been producing more than ever before, and thus previous giants in steel had to sell steel for lower. In the conclusive words of Robert Feenstra, Gary Hamilton, and Eun Mie Lim, "[r]ather than regarding these events as a *failure* of the capital market, we could instead view them as an initially *successful* attempt to separate corporate and political control, by allowing bankrupt groups to work with creditors with the government coming in as a last resort."

But international observers took the opposite view. "Crony capitalism" appeared to have taken its toll, and rather than the companies falling because of government-business practices working, foreigners worried that they had fell because of government-business practices failing. Combined with the capital crisis happening in Thailand at the time, it seemed that the "Miracle on the Han River" had not really been a miracle at all, and was even plausible to be just corrupt officials and business leaders propping each other up for the past few decades. They also correctly believed that the bankruptcy of Kia in particular would have ripple effects to those companies in Korea that depended on Kia to sell or buy from, and would worsen the seemingly already-fragile financial situation in Korea. [find references and discussion on this; nyt/lat/wsj/economist/etc;]

From July to October, these worries steadily escalated. Investors began pulling out and lenders stopped rolling over loans, just as they had in Thailand and Indonesia. On October 17th, Taiwan followed Thailand's lead in floating its currency. On October 23rd, the Hong Kong stock market dropped 10.4 percent, the worst drop in ten years. On October 25, the S&P downgraded Korea from a rating of AA- to A+, to A- at the end of November. Investors continued panicking and pulling out [state some specifics]. Kyong Shik Kang attempted to send a negotiator to Tokyo to hopefully prevent Japanese banks from withdrawing funds, but Japan's central banks tated they would only do so with an IMF-supported program.

Intervention

The crisis was nearly at hand. If the trend of foreign investment withholding rollvers continued, Korean banks would not be able to repay its next batches of payments, and that situation would only become worse as investors would see and then pull out in turn. On November 16th, IMF Managing Director Michael Camdessus held an impromptu secret meeting with Kyong Shik Kang while on a trip to Asia to discuss a possible IMF package. The IMF at this time also began orchestrating an international maneuver to prevent an all-out crisis, with most of Camdessus' staff spending their days and nights calling international banks and attempting to convince them to roll over their loans so that the crisis in Korea would avoid becoming a catastrophe. Korea would owe $9 billion by the end of December if the banks did not take the IMF's word that Korea could repay at a later time

On December 4th, the IMF and Korean authorities finalized a $55 billion loan package, of which $21 billion would come from the IMF, $10 billion would come from the World Bank, $4 billion from the Asian Develpopment Bank, and the remaining $20 billion as a contingency pledge from banks in twelve nations. Both the overall loan amount and the IMF's contribution were unprecedented. This was also one of the first times the IMF would lend to a nation in the OECD instead of a firmly designated "developing" country.

In other words, the loan amount itself was massive. But the IMF's strategy was not to provide enough cash for Korea's debt troubles to pass. Of the stated loan amount, only $5 billion was available in December 1997, with the rest being distributed through 1998 and most of the loans not even used at all.[36] They certainly weren't enough to pay off the $130 billion Korea owed, and the initial infusion was not even enough for Korea to make its loan deadlines in December 1997. Instead, the loans were mostly an attempted message to foreign creditors that Korea was safe; the IMF and the World Bank were intervening, so Korea was a safe investment.

At first, foreign banks did not find this adequate, not even to fulfill Korea's short-term payments. This judgment continued the cyclical self-fulfilling prophecy at the heart of the crisis: as foreign investors lost confidence, they pulled their money out, putting Korea into the dire economic situation that the investors had worried about. For much of December the rollover rate remained at around 15% – much lower than what was needed for Korea to avoid declaring bankruptcy. On December 19th, the Korean government begged the United States government to in turn persuade the IMF to orchestrate another round of negotiations. By December 23rd, the IMF was able to orchestrate this international maneuver, where the IMF directed central banks in twelve countries, and those central banks in turn pushed banks in their own countries to roll over loans to Korean debtors. All of these efforts were joined through daily reporting requirements to the IMF, and resulted in about 95% of Korea's debt being rolled over.

Most important in this appeal to creditors were the harsh policy prescriptions the IMF attached to Korea's loan package. The IMF believed that the crisis came about because of decades of "crony capitalism" hidden by the strong arm of the Korean state which ultimately scared off investors. The solution was the converse of this: foreign confidence had to be restored through strong reforms. Importantly, the IMF recognized at these points that the immediate triggers and solutions to the crisis were not any fun-

[36] Of course, $5 billion is still massive, being (for comparison) the entire amount provided to Mexico during the first phase of the Latin American debt crisis.

damental problems, but the beliefs of foreigners in Korea as a safe investment. In the words of Canadian Finance Minister Paul Martin on behalf of the G-7 nations, "A successful program will require a continued sustained commitment to reform by the Korean authorities, appropriate financial support from the official sector as outlined above conditioned on the strong policies necessary to restore confidence, and a successful effort by the Korean authorities to secure longer term financing from private creditors and the international capital markets."

The appeals between the IMF and partner banks thus meant pitching to these institutions the reforms the IMF would implement in Korea. From the first phase of the crisis that resulted in the December 4th loan package, these reforms [were quite harsh], with Camdessus and even President Clinton urging Korean President Young Sam Kim and Secretary of Treasury Kihwan Kim to publicly announce they would adopt extensive reforms. They escalated further over the course of December, first by IMF administrators that viewed the initial policies as too soft, then by Kihwan Kim as a desperate bid after banks still appeared hesitant to roll over their loans.

These reforms entailed the immediate suspension of nine financial institutions, and their closure if they did not submit "appropriate restructuring plans." With the euphemistic caveat that it would "entail losses to shareholders," the IMF declared in a December 4th press release that many financial institutions of any standing would be subject to mergers and acquisitions as from both domestic and foreign investors. The IMF conclues this section with a standalone paragraph stating simply that "to promote competition and efficiency in the financial sector, the authorities will allow foreigners to establish bank subsidiaries and brokerage houses by mid-1998."

Besides reforms specifically for the financial sector, the IMF also prescribed general structural reforms. These all center around a program of economic "liberalization" that mainly involved opening the country for foreign investment. The ceiling on foreign ownership in Korean equities and listed Korean shares would be raised from 7 percent and 26 percent to fifty percent by the end of the year.[37] Besides these general ceiling adjustments, other major barriers to foreign investment were also modified, including foreign

[37] Fifty percent sounds ridiculous to me, but even crazier is that the ceiling on foreign investment in listed shares would actually be removed by the Korean government altogether in 1998. I haven't been able to find data on if the proportion of foreign investment even approached any of these limits, but the fact that the Korean government saw it fit and useful to raise the limits indicates that a very high proportion of foreign investment was desired.

access to domestic money market instruments[38], foreign access to corporate bonds, and general simplification of approval procedures.

The IMF's

The total number of conditions totaled 140 for Indonesia, 94 for South Korea and 73 for Thailand, much more than those imposed for other countries in previous crises.

These policy measures stung hard. Renewed loans from banks charged incredibly high interest rates, from 2.25% to 2.75% higher than the preceding averages of around 5%.[39] IMF demands to reduce government spending resulted in a 5.7 percent reduction in GDP, compared to the growth rate of over 6 percent that Korea had held for the past decade. The suspension of the nine banks at the beginning of the crisis and the promise that many more could be closed motivated many banks to stop lending and build up cash reserves so that they could appear stable, which then forced many businesses requiring loans into bankruptcy. The Korean government made good on that promise, revoking license after license until only three merchant banks remained in 2003 from thirty in 1997.[40] The ripple effect from this went on for years, with fourteen of the thirty largest corporations either declaring bankruptcy or entering merger programs.[41] Of particular note was the collapse of the conglomerate Daewoo Motors in 1999, which had issued 17 trillion won of corporate bonds before being shut down. The government promised to holders of these bonds that up to 95% could be reimbursed, a significant amount but still a departure from the full guarantees or bailouts the government would have made in prior years.[42]

- worker protest

[38] Money market instruments are short-term loans, useful for bridging two payments. A company might use this kind of device if they had to pay a supplier one week to make a product but would only receive customer payment for that product in the next week after.

[39] Kihwan Kim, https://www.imf.org/external/np/seminars/eng/2006/cpem/pdf/kihwan.pdf

[40] Merchant banks are like investment banks in focusing on much larger corporations and capital amounts than in funding individuals or small businesses.

[41] Lim and Hahn 2004, https://ypfsresourcelibrary.blob.core.windows.net/fcic/YPFS/Lim%20and%20Hahm%202004.pdf

[42] 17 trillion won very, very roughly comes out to about $10 billion (an exact conversion is ill-defined given the massive fluctuations in the Korean won to the U.S. dollar at the time of Daewoo's collapse).

Racialized accumulation by dispossession

There are generally two opposing views of the crisis that emerged in 1997 and remain unreconciled today. Should the crisis be attributed to "crony capitalism" and flaws in the economic systems in Asian countries, or to a series of self-fulfilling prophecies, whereby foreign investors predicted a crisis and then caused it by pulling out their funds in one gigantic wave? The former view was put forth by the IMF and its economists including Timothy Lanee, Atish Ghosh, Javier Hamann, and Steven Phillips. This group asserts mainly that the drought of investment renewals in 1997 was due to a lack of transparency from the Korean, Thai, and Indonesian governments and a justified view from investors from the information that they did have that their investments would turn sour. The opposing view is held by economists Jeffrey Sachs, Joseph Stiglitz, Jason Furnan, and others, who argue that [fill in][43]

Among many other social and historical reasons, this division still exists because both arguments have large elements of truth and it is difficult to measure which side holds more weight. It is uncontestable that the crisis itself arose as a matter of a sudden fall in foreign confidence. On the flip side, the most heavily struck states of Korea, Thailand, and Indonesia did have heavy and often off-the-books relationships between large corporations and the state that resulted in large and unrestricted loans, in Korea through the infammous family-run *chaebol* groups and their champion dictator-president Park Chung Hee. This undoubtedly did contribute to the high debt-equity ratios in 1997, and could also have made the precipitation of the crisis much worse.

Though this paper leans towards criticizng the herd behavior of investors, my thesis is not an economic one, and it is not my goal to conclusively prove which cause is greater or if the investors predicted correctly given only the information they had. I ALREADY SAID THIS WHY AM I SAYING IT AGAIN :(

Without trying to resolve this division, my thesis builds on the uncontested observation that the crisis and all immediate resulting actions from a drop in foreigner confidence. The IMF crisis strategy from its

[43] Also useful is to note that "nontransparency" from Asian countries, as noted above in the case of Thailand, was often held out of fear from governments that revealing their hand would trigger a massive sell-off. The lack of transparency seemed to fuel the collective withdrawal of investments, but the alternative to these governments was to have disaster strike.

initial conception attempted to resolve this, first through a logistical strategy and then through a policy campaign. Yung-Chul Park, President of the Korea Institute of Finance at the time of the crisis, also observes that the worst of the crisis passed within six months,

The other observation

Until the crisis, Korea was seen to have undergone a harsh period of state-fueled development that was just outside of the logic posed by the capitalist West. This process was often nicknamed "the miracle of the Han River," or its various aliases including the "East Asian miracle" or the success of the "Asian Tigers," all suggesting not only the perceived economic success of Korea and its neighbors but how unexpected they were. The success of these countries should not have happened; they seemed supernatural and beyond reason, and it should have been impossible for countries torn apart by war and dictatorship to enter the same market and on a level playing field as that of Western capitalist nations. To use the language of da Silva, Korea was preconfigured as a nation of improper economic subjects. To use the language of Alice Amsden, prominent scholar of the "Asian Tigers," [quote form asias next giant].

The converse effect of the miracle story is to obscure the profoundly unmiraculous and violent processes that led to economic success. Korea sent 300,000 troops to support the United States during the Vietnam War, for which the United States repaid through billions of dollars of economic assistance and invaluable technological resources. Park Chung Hee's police state consciously traded social rights for

This narrative of national failure rests on the commonly recognized archetypes of the "model minority" and the "yellow peril" deployed and extended at the national level, deemed here as a status of "model modernity." The "seamless continuum," to use Gary Okihiro's words, between the former two statuses form a single challenge to the Western, white idea of success, one that must be contained if peace were to be maintained. As Okihiro writes, "the very indices of Asian American"success" can imperil the good order of race relations when the margins lay claim to the privileges of the mainstream." The model modernity status extends this challenge to the international level, posing "miracles" that emerged becasue

The onset of the crisis simultaneously shattered and fulfilled this narrative. In the immediate sense, the crisis revealed nations in Asia to have failed economically, ending the year after year of unexpectedly high growth [find quote for this]. On the other hand and in the much more fundamental sense, that failure was necessary for Western capitalism to triumphantly unmask Korea's economic success as not a miracle but a facade hidden by four decades of state intervention. The miracle of Asian economic success had been seemingly defying the logic of capital because it had in fact been too good to be true.

As I show above, the crisis formed not because of

- it was all narrative, not material underperformance
  - yung chul park and comparison to other countries (1 paragraph)
  - chaebol crackdown leading to brief instability, not the chaebol itself (1 paragraph)
  - speculation and the self-fulfilling narrative (1 paragraph)
- their narrative had to be derived from something, it rests on preconditions that didn't just appear from nothing
  -

    asian tigers
  - model minority / model modernity
    - yellow peril <-> model minority
      - incomprehensible logic that is secondary to the logic of western capital
      - reducing into horde of workers
  - chaebol corporations
- these preconditions fueled the process of accumulation by dispossession
  - notably *not* accumulation of capital, but accumulation of

Conclusion

If the IMF wishes us to learn one thing from the two crises, it's that there's no alternative but to be incorporated into "free market" capitalism and the interventionist logic of the IMF. It's to believe that there was no alternative for U.S. creditors but to pull out in the face of what appeared to be an impending crash, that there was no alternative for the IMF but to impose unprecedented economic burdens on Korea, that there was no alternative but for Kim Dae-Jung's administration to accept and begrudgingly implement these restrictions in order for foreign investors to return. To believe that as painful as they were, these steps were ultimately necessary to save Korea from a precipitous fall.

I hope to push back on this defeatist perspective, through deconstructing and exposing the above arguments as disingenuous and a cover for the logic for the same racial hierarchy of old, but also by pointing to alternatives to neverending reformism. [insert a transition from the above quote].

[hm, need to find examples of imf / world bank instead of us political interests only] It is still an obvious truism that U.S. political interests are able to be upheld thanks to the power of its financial institutions, a relationship that hurts most during times of crises and often crippling instead of serving countries in need. One might think of the U.S. sanctioning the French bank BNP Paribas for $8.9 billion in 2014 for dealing with U.S. enemies Sudan, Iran, and Cuba, a move that was only possible because BNP Paribas relied on U.S. institutions to store and move money.[44] More recently, one can refer to the Biden Administration's unilateral decision to freeze $9 billion owned by the Afghanistan central bank but held in U.S. institutions and therefore subject to the whims of the current regime. Neither of these events occurred through any international law, but because of the reliance the world has on U.S. banks.

But alternatives do exist. Russia and many countries in Asia have been moving towards relying on a basket of currencies to set the value of their own and to use in their national reserves, moving away from the fragile reliance on the dollar that led to financial ruin for Thailand and Indonesia especially. China's Belt and Road Initiative has taken massive shape [wording] over the past decade, accounting for upwards of a trillion dollars of investment across nearly every continent and presenting a major departure from the pattern of financing from U.S. banks that preceded it.

For world leaders, these trends

While on a trip to form an economic partnership with Russia and join the Belt and Road Initiative, Argentinian President Alberto Fernandez commented to Russian President Vladmir Putin:

[44] Most notably this includes the Fedwire system to process and validate large payments like the kinds, which is operated by the United States Federal Reserve.

> Since the 1990s, Argentina has been strongly oriented towards the United States. Argentina and its economy are largely dependent on the US and our relations with it. In fact, our debt to the IMF also emerged because of this relationship. [...] I am consistently working to rid Argentina of this dependence on the IMF and the US. I want Argentina to open up new opportunities. Cooperation with Russia is vital for us.

Questions remain on whether the kinds of changes, however large or dramatic they might appear, are sustainably moving the world away from U.S. financial hegemony. El Salvador's move to Bitcoin as its national currency, a move made partially for its practical benefits like avoiding remittance fees from overseas banks and lower management cost, and partially for the conceptual freedom afforded to El Salvador when they are freed from relying on other countries' markets to price their own currency. The IMF has strongly condemned this move, with the stated belief that

Perhaps the largest point of conflict emerges from China's economic

- discuss sri lankan port debacle

Regardless of this,

- but people in fact fight back and push back
    - scholarly criticism of the IMF is not a dearth at all, and I'd even go as far as to say that it's generally accepted that the IMF did not properly support countries in Asia, and that the crisis erupted out of misguided foreign speculation