A brief introduction to the IMF

* begun at Bretton woods conference in 1944
* Even before it was formally established, the IMF was a Western product: American economist Harry White and British economist John Maynard Keynes led the creation of the founding charter, and Keynes in particular intended Britain and the United States to lead the IMF as “founder-States.”
* After Britain became financially dependent on American aid in World War II, the United States was left in “virtual control” of the world economy. Stalin refused to ratify the IMF charter, the United States blocked the People’s Republic of China, and much of Eastern Europe also did not join the IMF for the first few decades after its founding. Because of this, the IMF especially at the
* The US’ hold on the economy did soften over decades after the end of World War II, with its share of official international reserves dropping from 54 percent in 1948 to just 12 precent in 1972, but in several other ways the IMF remained an institution largely headed by the West. The IMF headquarters were (and still are) in Washington, D.C. Until the 1980s, the IMF lacked membership from any socialist country through both exclusion by the West and refusal to join from Second- and Third-World countries.
* Perhaps the most important political example in the postwar era, the US’ dominance in the IMF can be seen through the use of the dollar as the anchor currency of the IMF. The Bretton Woods accords establishing the IMF pegged the U.S. dollar to gold and other currencies to the dollar, requiring other countries to either build reserves of gold or the dollar. The system was nominally implemented to move away from gold as the sole universal currency to something more flexible. Relying solely on gold would mean a central role for the gold-producing nations of South Africa and the Soviet Union, and thus would also be complicated politically than the more flexible dollar system. But the flexibility in question allowed the United States to avoid balance-of-payments crises because the U.S. could purchase imports in its own currency. The U.S. could simply print more dollars to avoid deficit crises where other countries had to obtain them through trade. This role led French Finance Minister Valéry Giscard d’Estaing to famously complain of America’s “exorbitant privilege” of the dollar in the 1960s.
* The U.S. dollar’s role as the anchor currency eventually changed. West Germany left the Bretton Woods system in 1971, and Switzerland, France, Italy, and others all converted their dollar reserves to gold reserves. America’s enormous military expenditures in Vietnam in the late 1960s and the Great Society reform programs led by Lyndon Johnson led to giant deficits and debts, leading the dollar to drop in value as more money was printed to cover these expenses. All of these led Richard Nixon to completely abandon the Bretton Woods system in 1971 in a unilateral move known as the “Nixon Shock,” stopping the conversion of dollars to gold and leading to the floating exchange rate system that the world uses today.
* The dollar arguably still has a hegemonic hold on the world, as 61% of foreign currency reserves and about 87% of foreign trade currencies. It derives its hegemonic position from its political importance in tandem with its economic importance, as it forces banks across the world to deal in dollars (especially for international transactions), and thus allows the United States to impose sanctions when U.S. interests are violated.[[1]](#footnote-1) But the floating exchange rate system means that the IMF’s role in U.S. financial hegemony has shifted away from protecting the value of the dollar and allowing the U.S. to maintain balance-of-payments deficits.
* The second major trend shifting the role of the IMF was in the economic liberalization of the world in the 1980s and 90s. With the collapse of the Soviet Union, FINISH THOUGHT
* Because of the move away from the Bretton Woods accords’ placement of the dollar as the world’s anchor currency, and the trend of economic liberalization in the world, the IMF’s role shifted near the end of the 20th century. Instead of exercising its power simply through loans and covering balance-of-payments deficits that could emerge into crises, or in words functioning through economic power alone, the IMF moves the world through a set of Structural Adjustment Programs (SAPs), or macroeconomic policy changes with the stated purpose of ensuring financial stability and loan repayment. Historian James Boughton of the IMF argues that the IMF loan quantities themselves are of diminishingly smaller importance, and instead SAPs accompanying these loans are used to position the country as an economically sound investment for other foreign creditors.
* SAPs include “purely” economic measures like currency devaluation, austerity measures, and restructuring or refinancing foreign debts, but also include liberalization of markets broadly, privatization of state-owned companies in particular, opening the country to foreign investment, and most relevantly to this project, a stipulation for the country to move towards resource extraction and export. Although the majority of IMF loans do come with market-rate interest rates and often require collateral, both of which can be a significant burden for countries requesting aid, SAPs are far more powerful in terms of creating long-term subjugating economic relations.

The IMF in crisis: three case studies

* Oil shock
* Mexican peso crisis
  + Madrid Declaration encouraging liberalization
* Asian financial crisis
  + In April 1997, the Committee "agreed that the Fund's Articles should be amended to make the promotion of capital account liberalization a specific purpose of the Fund and to give the Fund jurisdiction over capital movements." After the Asian crisis, however, that idea gradually lost support (boughton 19)

Dispossession

* Capital accumulation as a theoretical concept
  + Theoretical basics
  + endless cycle with two consequences
    - expansion, especially geographic expansion
    - crisis
* primitive accumulation and accumulation by dispossession
  + social processes rather than a simply economic relationship
  + primitive accumulation
* racialized accumulation by dispossession and raciality

connecting it to back to the imf

1. This occurred in 2016 with the French bank BNP Paribas, for dealings with Cuba, Sudan, and Iran. BNP Paribas faced a fine of $9 billion, the largest fine ever against a bank; such a fine from the United States was only possible because international banks must deal in the dollar currency to remain viable. [↑](#footnote-ref-1)