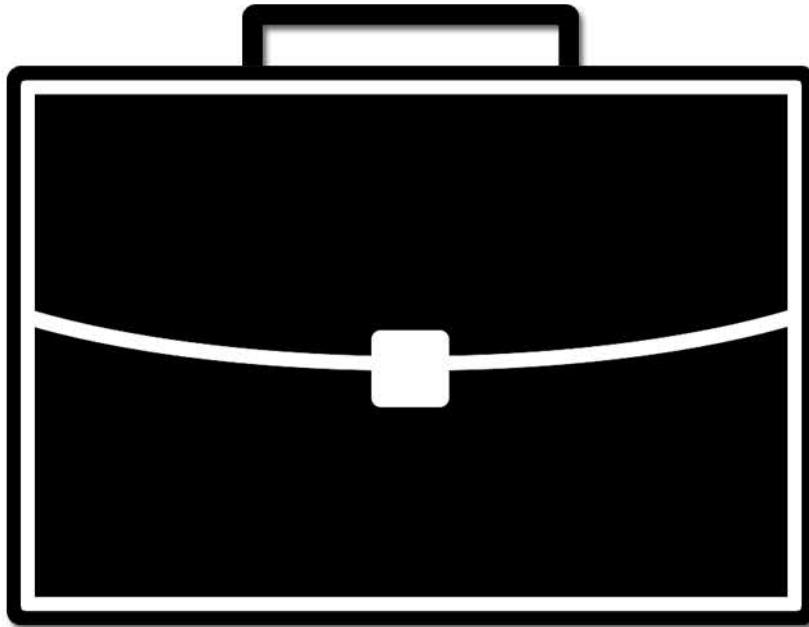


# **Champion Briefs**

## **April 2021**

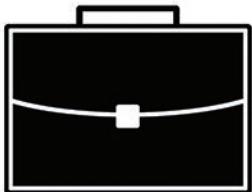
### **Public Forum Brief**



**Resolved: The benefits of the International Monetary Fund outweigh the harms.**

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**Letter from the Editor**

The resolution for Public Forum Debate for April 2021 will be, “Resolved: The benefits of the International Monetary Fund outweigh the harms.” My initial reaction to this topic was concern, as I wasn’t sure whether this topic would be particularly interesting or noteworthy. Upon reconsideration, I realized something unique about this topic, in that it’s a true economics topic. While virtually every Public Forum resolution (or, at the absolute minimum, 75% of them) has an economics discussion, it’s very rare that there is a topic chosen that is primarily about economics as the primary point of discussion rather than an auxiliary or collection of arguments related to a resolution that is not strictly about economics. That’s not to say that this topic is \*only\* about economics – because it’s not, there are plenty of other angles to approach it from – but it’s interesting to see a topic like this, and after researching for the brief this month, I’m now a big fan of the topic’s potential.

One of the first things that stands out to me is the timeframe of the resolution. The resolution is asking a question in the present tense, but one has to wonder how to weigh historical impacts. The IMF has changed a substantial amount since its inception, and the policies it has used have changed significantly over time as well. In terms of the strategic implications, debaters can argue that the IMF’s failures from history can be ignored so long as the IMF is on the right path today. On the other hand, debaters can also claim that history informs the present, so even though the resolution is in the present tense, the discussion needs to be framed historically. Personally, I would stray away from these small framework rabbit-holes during debates altogether – judges often find them uninteresting and uncompelling.

April marks the end of the debate regular season, so hopefully this month presents an opportunity for you to explore a new and interesting topic while wrapping up the year. As with each and every month, I wish you the best of luck as you prepare for your debates, and happy researching!

Michael Norton  
Editor-in-Chief

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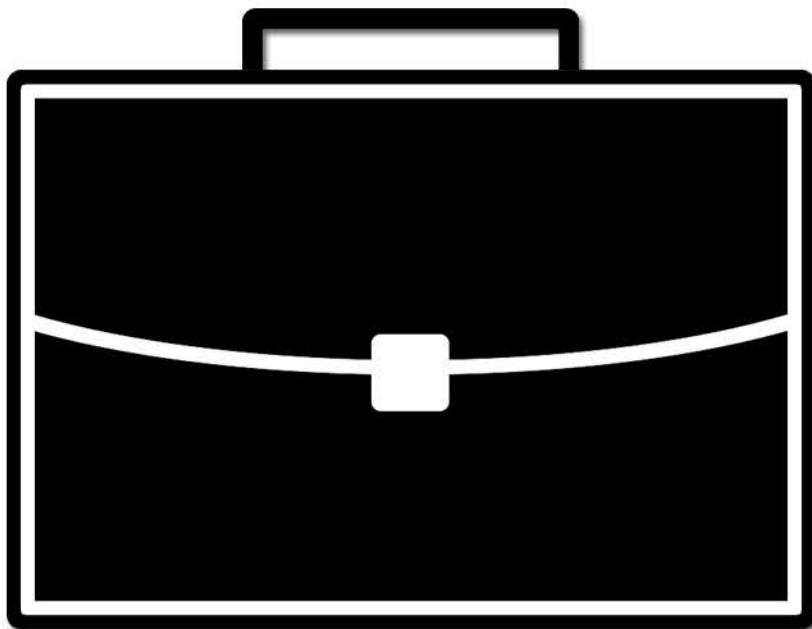
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# Champion Briefs

## April 2021

### Public Forum Brief



## Topic Analyses

**Topic Analysis by Sara Catherine Cook**

***Resolved: The benefits of the International Monetary Fund outweigh the harms.***

**Introduction**

Let's start by breaking down the wording and structure of the resolution. If you have been reading my topic analyses for a while, you have likely heard my spiel about value resolutions, but today we have another one! A value resolution is always structured in this exact way, where debaters are challenged to take an event, institution, etc., and evaluate whether it has served as an on-net benefit or on-net harm. This contracts to the more typical policy resolution, which involves debaters roleplaying as policymakers telling the judge whether they should or should not pass a specific policy. There are three important things to note about value resolutions. First, value debates are inherently weighing debates. Your fundamental job in a round is to show that the benefits or harms you talk about are more important or have had more influence than what your opponent mentions. A policy resolution differs because there is uncertainty involved with what the policy will or won't do. In this case, you are working, mostly, with a set of concrete things, good and bad, that the International Monetary Fund (IMF) has done and using that as a toolkit to argue whether it has been positive or negative. Secondly, opposite arguments can often both be true. There will probably be arguments about how the IMF has benefited the economy and how the IMF has harmed the economy. While it is strategic for you to spend time proving your opponent's argument wrong, both of the arguments could

end up being true; there are positive and negative things that the IMF has done. Your ultimate job is to show which one has had the larger effect.

## **What is the International Monetary Fund?**

Now, let's talk about what the IMF is. The IMF is an international financial institution founded in 1944 working to foster and maintain global financial stability and cooperation, sustainable economic growth, international trade, and poverty reduction. They came into existence to reconstruct the international monetary system and now play a central role in the aftermath of international financial crises. The 190 countries involved contribute funds to a pool through a quota system; countries experiencing financial problems can then borrow money from the IMF. The IMF also receives loans to fund their relief programs. It's worth noting that the IMF primarily dealt with monetary policy before 2008. This means that they would do things like stabilizing interest rates to control inflation. Inflation measures how much more expensive goods and services become over some time; in short, it essentially determines the value that money has. The best way to think about this is to think about how gas prices 30 years ago were much cheaper, not necessarily because gas itself was less expensive but because money carried more weight at that time. Inflation poses a risk because the currency is constantly being exchanged. Any inflationary pressure in one country could potentially wreak havoc on other economies. The IMF would also stabilize currency exchange rates and expand international liquidity, i.e. improve access to hard currencies. The IMF still manages monetary policy but took a huge shift in 2008.

## The IMF, Today

The global financial crisis wrecked the global economy and changed a lot of the mainstream views about economic policy. In the wake of this crisis, the IMF stepped up and distributed a global fiscal stimulus package. This was essentially the IMF giving money to countries who were suddenly facing an economic crisis and at the same time, lacking the funding necessary to deal with it. This was when the IMF became the organization we know today. They found through this crisis that there was a need for a global institution that was able to bail countries out when they faced economic hardship. One of the reasons why was revealed in 2008: economies around the world are almost dangerously interconnected in this day and age. There have been arguments on almost every topic regarding government spending about how the US debt as well as US recessions spillover into other countries as well. This was part of the onus for the IMF to step into its current position.

Before talking about what the IMF does, we need some background information on debt and debt crises. Governments use money every year to fund things like social programs, the military, education, etc. but usually do not raise enough tax revenue to pay for all of it. Because they spend beyond their means, countries run what is called a budget deficit and fund this by issuing government bonds, where investors fund the remainder of government spending with the promise that they will get paid back with interest years down the road. Therefore, every year governments pay interest payments to the people funding their debt. Government debt turns into a debt crisis when they are no longer able to pay interest on their debt. This happens primarily to low-income countries for two reasons. First, investors are more skeptical of government bonds from low and middle-income countries from the outset, which means that

these countries have to offer higher interest rates, i.e. higher reimbursement, to attract investors to fund them. This means that the interest payments for many low and middle-income countries are more significant or a larger portion of their yearly budget. Second, countries like the U.S. get more funding during times of economic insecurity because U.S. bonds are seen as safe and less risky investments. Low and middle-income countries are likely to lose investors in their debt in times of economic insecurity because their bonds are riskier and investors lack the confidence that without economic prosperity, these countries will not be able to pay off their debt. Low and middle-income countries have also become involved in debt traps in recent years. One recent example from one of last year's topics is with China's Belt and Road Initiative. China builds infrastructure projects in countries in Southeast Asia and abroad via loan financing, which leaves countries with crippling debt in the long run. Eight recipient countries, Djibouti, Kyrgyzstan, Laos, the Maldives, Mongolia, Montenegro, Pakistan, and Tajikistan, are at a high risk of debt distress because of these loans. Discussions for an IMF bailout have already begun in Pakistan. Though debt is a struggle, it is sometimes the cost of development for many of these countries.

Covid-19 has exacerbated global financial problems. For context, boom and bust cycles have been common in international debt for centuries. Debt crises are not uncommon, but the World Bank estimates that the global poverty rate has increased in 2020 for the first time since 1998. What does poverty mean for debt? In some countries, it means that the government has to pass a stimulus package to increase funding to social programs for recession mitigation. For all countries, it means that since the economy is slowing, tax revenue decreases, making it much harder for countries to pay off their debt. This is likely one of the reasons that this topic is

so relevant; we are entering into a period where more and more countries are going to need financial assistance.

## How the IMF Operates

Now, let's discuss how IMF bailouts work, as most arguments will function in some way around them. When the IMF distributes money to a country in the wake of a debt crisis, they also impose restrictions, or conditions, on the country receiving the bailout. The IMF describes this as, "When a country borrows from the IMF, its government agrees to adjust its economic policies to overcome the problems that led it to seek financial aid. These policy adjustments are conditions for IMF loans and services to ensure that the country will be able to repay the IMF".

There are a few different types of conditions that we will go through. First are prior actions. These are steps that a country takes before actually getting approval from the IMF. Some examples include eliminating price controls and changing aspects of the country's budget to be consistent with the IMF's fiscal framework. Essentially, countries will change aspects of their economy to either prepare for or make it more likely to get approval for a loan from the IMF. Second, are quantitative performance criteria and indicative targets. These are quantitative conditions that the IMF uses to condition their lending. Prominent examples include: putting a ceiling on a country's debt, establishing a minimum level of revenue that the country has to collect (taxes), and a minimum level of social assistance spending. These also function to monitor a country's progress in meeting a program's objectives. There are also structural benchmarks like building up social safety nets and improving financial sector operations. These

are less quantitative and intended as goals or markers to assess whether the program is successful.

Though many of these regulations are strict, the IMF has claimed to have become more flexible in the way that they engage with countries in recent years. It is also worth noting that during the pandemic, member countries have requested assistance in two forms: Rapid Credit Facility (RCF) and the Rapid Financing Instrument (RFI). Both of these programs have no "ex-post program-based conditionality". Ex post conditionality refers to conditions negotiated after a country has turned to the IMF, e.g. reductions in the government's deficit. Overall, this means that the IMF cannot say "we will only give you these loans if you agree to do these things". These programs have dedicated a large number of resources to low-income member countries. As of the end of August, sixty-nine member countries have received financial assistance through the Fund's emergency financing instruments since the onset of the pandemic. This was possible because the IMF raised access limits, i.e. the amount of money that countries are allowed to borrow.

## Argumentation

Now that we have detailed what the IMF does and how their loans work, let's break down some of the key arguments about the IMF. I have decided to combine the usual two sections into one because I think it may be more intuitive to discuss arguments side by side so that you can understand how to win, for example, an economic argument on either side. Before we do that, I want to make a couple of comments about argumentation on this topic in general that may be helpful. First, be prepared for various examples will be incredibly important and

incredibly helpful. It is in the best interest of every team to structure an argument by explaining why the IMF is harmful or beneficial and then backing up whatever arguments they make with prominent examples. Immediately when this topic was released, images of the Greek debt crisis as well as other IMF bailout situations came to mind. There are many times when teams will rely on their examples to win an argument. In practice, this looks like "oh their responses are insignificant because the scenario we describe happened in Greece" or "we win our argument because of our example". Teams will make these arguments that their example proves their point, even if you prove the logic behind their argument false. There are two ways to handle this type of situation. The first is to have alternate reasons why their example happened unrelated to their argument. If they are using a scenario like the catastrophe in Greece to prove their argument true, you can find some confounding factors to explain Greece's hardship. One example could be their reliance on the euro in 2001. This switch in the currency then forced EU banks to print more currency for Greece to pay off its debt. In return, the EU required Greece to impose austerity policies, limiting their social spending, which slowed their economy and made it harder to repay debt. This, of course, is one example but the principle of finding other reasons for a good or bad result of IMF loans can help distill an example-reliant argument. The second way to tackle this type of argument is to provide counterexamples. It might seem obvious to refute one argument and one example by saying "well our argument stands because of our example". But more so than that, teams need to show why their example is more relevant, more true, or outnumbers their opponents. By outnumbers, I am not talking about the number of people affected. Rather, I am talking about isolating their example. If they use one example of how IMF loan policies have been beneficial, the opposing team should argue that

the example is in the minority; in other words, in the overwhelming majority of cases, the opposite result happens.

Most of the arguments on this topic will be economic arguments, so I want to talk about them. Let's discuss why IMF loans have a bad reputation. As mentioned above, IMF loans come with boatloads of conditions for the country receiving the loans to follow. Most of these policies follow the general principles of austerity. Austerity is a set of political-economic policies that seek to reduce government budget deficits, and therefore debt, through spending cuts and tax increases. This is the antithesis of what we do in the U.S. Notice that when we entered into a recession due to Covid-19, the government passed a stimulus package. This increased government spending. The rationale for this is simple; when more people fall into poverty, the government increases spending on social programs to match the new amount of people who need assistance. Austerity does the exact opposite. It focuses on decreasing the problem that started the recession in the first place: the government debt. The criticism around these policies comes from the fact that not only do they often hurt people in poverty via defunding government assistance programs, but they also can have the effect of slowing down the economy, making it harder for countries to pay off loans and recover. There have been some cases where austerity policies have worked extremely well, e.g. Lithuania, Estonia, and Latvia all have pretty successful stories regarding using austerity measures. The overwhelming majority face economic hardship, though there is debate over whether austerity measures are best in the long run.

There are a couple of ways you can approach the economic argument from an affirmative perspective. First, you can defend the specific methods used by the IMF, i.e. the

loan conditions. There is some evidence that stimulus packages prolong or worsen recessions and similar evidence that claims that austerity measures helped countries get out of recessions faster. The warranting for this is mostly based on the objective of the policies in the first place: to reduce the national debt. I want to discuss why stimulus packages working in, for example, the U.S. economy may not mean that stimulus packages work everywhere. As mentioned in the section on debt and debt crises, the U.S. has somewhat unlimited borrowing potential. Even in recessions, the U.S. can continue to spend beyond its means. In short, the U.S. does not face the same "debt crisis" that many low and middle-income countries do. This is why austerity measures could be the way to go for many countries that receive IMF loans. The reason they needed the loans in the first place is that they got to a point where they were unable to finance themselves. Therefore, the goal of the loans may not be immediately easing the economic struggles, but rather, putting the country back in a position where other countries will invest in their debt.

This brings me to the second way the affirmative can approach the economic arguments on this topic: proving that the alternative is worse. The job of the affirmative is not to prove that every country accepting IMF loans has done incredibly well. The affirmative just has to prove that countries would have been worse off if the IMF did not step in, or even more so, did not exist at all. With this mindset, the affirmative team could concede that many countries struggled economically following their entanglement with the IMF and then choose to argue that things would be much worse had the IMF not stepped in. The affirmative could also choose to focus on large catastrophes to prove this point. What would have happened had the IMF not distributed funds during the global financial crisis in 2008? What would have happened had the

IMF not distributed funds after the onset of the pandemic? These can illustrate how the IMF may not save the world with their loans but may be a force stopping worse things from happening.

There will be other arguments relevant to this topic, i.e. this section is not the end-all-be-all of the topic, but I hope this helps your understanding of some of the core arguments regarding the benefits and harms of the IMF. Especially given the economic situation now, the IMF continues to have a large role in the global economy, which is what makes this topic so wide-ranging but also important.

## Conclusion

I hope you found this topic analysis helpful. Though I am usually pessimistic about the topics, I think this one will be really interesting and useful. I want to detail a few final thoughts about the topic before leaving you to research and prepare to debate for April. First, the impacts on this topic may be widely the same. Many of them will be related to poverty and the aftermath of recessions. It will be paramount on this topic to instead weigh link related arguments rather than impacts. What does this mean? Link weighing is simply telling the judge to prefer your reasoning or connection to your impact over your opponents. In a poverty context, this would look like telling the judge that your reasoning for why poverty increases should be preferred over your opponent's argument about why poverty decreases. This is different than just refuting their argument. Rather, in this scenario, you want to assume that the judge believes both arguments and tell the judge why yours is more likely to be true. I like to do this in two ways. First, I like to explain why my logic makes more sense or connects back

to some fundamental tenet of my argument. Second, I like to give an example or explain; I usually like to draw a comparison and argue that their argument may be true in theory, but my argument is true in practice. Though to some readers this might seem like second nature, too many this may be a new concept that will be helpful when going back and forth on this topic about whether the IMF hurt or helped the economy of a specific country.

Second, I stressed earlier how important examples will be on this topic. With that, I also want to note ways to handle examples you may be unfamiliar with. First, you may want to develop some sort of list of confounding factors behind a country's hardship external from loan conditions. This could include things like poor social safety net infrastructure, low tax revenue before involvement with the IMF, etc. The idea is to have arguments ready for use of reasons why a country could struggle to come back from a debt crisis external from the loans imposed by the IMF. Teams can then claim that the economic struggles faced by countries accepting loans are only correlated with IMF loans, not caused by them.

I hope you have had a great year of debate and I wish you luck for one of the last topics of this year!

## About Sara Catherine Cook

Sara Catherine Cook is from Birmingham, Alabama, and competed for The Altamont School for three years in Public Forum Debate. She was one of the first teams from her school to qualify for the Tournament of Champions and NSDA Nationals, being the only team from her state to qualify to the TOC in the 2018-2019 season. She now attends Dartmouth College in Hanover, New Hampshire, where she plans to study Mathematical Data Science with extended interests in Economics and Environmental Studies.

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## Topic Analysis by Jakob Urda

***Resolved: The benefits of the International Monetary Fund outweigh the harms.***

### Introduction

The April topic has a high bar to entry. The topic demands the utmost from debaters in terms of foundational understandings of economics, incentives, and politics. Nor does this topic intersect any easily accessible contemporary news information. While most topics carry an air of familiarity because the examples can be ripped from headlines, there will be very little recognizable about the April topic. Nevertheless, this topic will produce strong rounds with extensive research and difficult decisions.

There are few institutions more determinative than the International Monetary Fund. Billions of dollars in loans and assistance, reams of research, and legions of bureaucrats in black suits sent to advise the governments of the world. Debaters will need to navigate a sea of conflicting opinions about this larger-than-life institution. Impacts will span continents and affect the lives of millions.

What makes this topic interesting is that while it is facially an economics topic, it is a normative one. The IMF likes to present itself as a neutral banker of last resort, an impartial backstop to the global financial system. In reality, the impact of the IMF is as much a question of philosophy as it is economics. What obligations bind the community of nations together? Who bears the responsibility for the global financial system? Who has the right to make decisions for the rest of the world? Beyond the positive debates about economic growth and

post-crisis recovery lies a fundamental and quintessentially human debate concerning justice and procedural fairness.

The best teams will be able to engage with this topic on multiple levels. April is the month of many state championships and the illustrious Tournament of Champions.

## **Strategic Considerations/Framing of the Debate**

For a topic this byzantine, debaters should start with very broad, basic topic research. What are the mandate, governance structure, and history of the IMF? Teams that are serious about doing well should not start by diving into a single argument. This "shiny object" strategy of chasing the first lead which arises will result in inevitable catastrophic blind spots. In addition to a terrain-level understanding of the IMF, teams that are serious about dominating the competition in April will also do the general reading on the economics, the 2008-9 financial crisis, and the subsequent eurozone crisis.

There is little doubt that the main impact on this topic will be the IMF's ability to mitigate the effects of severe financial crises. The mandate of the IMF is to secure the stability of the international monetary system. This is its primary mission and has been since its inception. Financial crises throw millions into poverty and create environments of systemic risk which inhibit future economic growth. It is difficult to imagine a more important impact (in debate and the world) than the stability of the international monetary system.

The IMF has three core functions: keeping track of the global economy and the economies of member countries; lending to countries with balance of payments difficulties; and giving practical help to members. Of these three functions, the second will almost certainly be

the focal point of most debates. The IMF's loan programs are far larger and more consequential than their research or practical guidance. IMF loans are also by far the most controversial aspect of their policy portfolio.

IMF loans are designed to help countries in extreme financial distress. According to the IMF itself: "A country in severe financial trouble, unable to pay its international bills, poses potential problems for the stability of the international financial system, which the IMF was created to protect. Any member country, whether rich, middle-income, or poor, can turn to the IMF for financing if it has a balance of payments need—that is if it cannot find sufficient financing on affordable terms in the capital markets to make its international payments and maintain a safe level of reserves." The IMF gives loans because the default of an entire nation poses a systemic financial risk to all of its neighbors. This is why financial crises which start in one part of the world often boil over and spread to other regions. IMF loans are meant to stabilize the economies of these countries, tackle the balance of payment issues, and restore them to the path of sustainable economic growth.

The central logic of the April topic is whether the IMF delivers on this value proposition. If the IMF does rescue needy countries from financial collapse, then surely, they are an invaluable asset to the world. On the other hand, if they prolong or worsen crises then they are undoubtedly a severe liability. Grappling with this question is easier said than done – there are dozens of arguments on either side. The devil is in the warrants.

One last word of strategic advice – the ultimate arbiter of a theory is history. It is important to have a theoretical understanding of relevant ideas like moral hazard and austerity. But theory is no substitute for historical erudition. The IMF's programs have been pressure

tested by decades of financial crashes, each idea in the cannon has been exposed to a litany of test cases. Debaters must be able to defend their ideas with history. This means going beyond having a short historical example of a largely theoretical argument; it means funny understanding the mechanics of the economies of the countries going through the crisis you are citing as an example of the argument. On this topic, even the strongest arguments will be felled if their historical examples do not stand up to scrutiny.

In the next section, we will discuss some of the most common arguments made in favor of, and against, the IMF.

## Affirmative Argumentation

The affirmative team should start by researching the very basic argument that IMF loans help countries that face severe balance of payments crises. A balance of payments crisis is when a nation is unable to pay for essential imports or the installments on its national debt. As a result, the value of the nation's currency drops and it experiences an economic shock. Local businesses which keep their assets in local currency are suddenly unable to pay suppliers. Because the government is left with a devalued currency, it has few reliable policy options in this circumstance. Often, measures taken to stem currency devaluation such as raising interest rates or increasing national savings may hurt the local economy, creating a prolonged slump. These crises can stem from natural disasters, post-conflict situations, and banking and currency crises, among others.

This is where the IMF comes in. According to the IMF, there are three main ways lending can address the balance of payments crises: "First, it can smooth adjustment to various shocks,

helping a member country avoid disruptive economic adjustment or sovereign default, something that would be extremely costly... Second, IMF programs can help unlock another financing, acting as a catalyst for other lenders... Third, IMF lending can help prevent crisis [by nipping them in the bud]."

One story that proponents of the IMF often point to is India. In 1991, India faced a severe balance of payments crisis brought on by the combination of trade and fiscal deficits. By the end of 1990, India barely had enough foreign reserves to cover three weeks of imports. The IMF and the World Bank helped India with a bailout, which was contingent on market-liberalizing reforms. These reforms were immensely successful because they allowed India to engage in far more trade with the rest of the world. Throughout the 1990s, India achieved an astonishingly high rate of economic growth.

India's example is just one of many cited by proponents of the IMF. The simplest argument is also the strongest one for the pro. The IMF bails out countries that are in a bad spot. They help them emerge from the crisis stronger and more resilient than ever. Without the IMF these countries would have to go it alone.

## Negative Argumentation

Negative teams should start by researching the history of IMF structural adjustment programs (SAPs). SAPs are easily the most controversial aspect of what the IMF does. They are conditions attached to loans which force the recipient to liberalize their economy. This means privatizing national firms, selling natural resources, and reducing tariffs and other non-tariff trade barriers. While these reforms are meant to increase the country's economic growth,

opponents argue that their real effect is to hurt the poor who depend on public assistance and to ultimately reduce growth by sapping the government's ability to fund critical infrastructure.

Many loans come with austerity requirements, which means reducing spending and increasing taxes. Most often, this means that structural adjustment programs cut social welfare programs such as education funding or healthcare. It also typically means that the prices of goods increase because the government is no longer subsidizing them or has had to sell off state-owned utilities. This can thrust people into poverty as their livelihoods are upended. It can also reduce economic growth as the shock of immediate deregulation sends the economy into chaos and reduces the domestic consumer base.

One example that many opponents of the IMF cite is Argentina. Argentina went through multiple rounds of IMF loans and structural adjustment during the 20<sup>th</sup> century but had to keep returning for additional assistance. The conditions attached to loans have been attacked as particularly severe and as having caused unnecessary economic strife. Many critics point to the privatization of Argentinian water utilities during IMF mandated reforms during the 1990s as a move that raised the cost of living for many poor Argentinian families.

This topic is incredibly complex. Debaters would do well to spend time researching the terrain and ensuring that they understand the core concerns and history before writing contention-level arguments. Nevertheless, the importance and depth of research required to meaningfully participate in this topic make me confident that we will have some excellent rounds!

## **About Jakob Urda**

Jakob grew up in Brooklyn, New York. He attends the University of Chicago, where he will receive a BA in Political Science, and is interested in security studies and political economy. Jakob debate for Stuyvesant High School where he won Blake, GMU, Ridge, Scarsdale, Columbia, the NCFL national championship, and amassed 11 bids. He coached the winners of the NCFL national tournament, Harvard, and Blake.

**Topic Analysis by Tucker Wilke**

***Resolved: The benefits of the International Monetary Fund outweigh the harms.***

**Introduction**

April has a claim to be the most intense month of the Public Forum Debate season, with teams across the country turn their attention towards the Tournament of Champions, their state championship tournaments, and what are often some of the final local tournaments of the year as the season winds down. With the knowledge that remaining tournaments in the year are numbered, many debaters go all out for April, looking to bring their A-game to finish off the season strong. Luckily, the topic for this month will certainly reward hard work and preparation, as it is Resolved: The benefits of the International Monetary Fund outweigh the harms. Much like the February topic, the wording of this resolution is simple, but the content is anything but. Importantly, in the high-level rounds that late-season tournaments tend to produce, topic knowledge, especially on a topic as dense as this one, can make or break results, so I highly recommend that teams put in as much work as they can on the front end in terms of gaining a deep understanding of background knowledge, even if it means writing their cases a bit later than normal. It will almost certainly pay off. With that, let's get into the strategies, frameworks, and arguments that will come to dominate the next month of debate.

## Background and Strategy

Given that April is home to some of the most competitive tournaments of the year, and some of the final ones, it's natural for these tournaments to be extra competitive and stressful, as teams may be debating for the final time or getting a chance to debate a tournament they've worked for years to get to. I suspect that this may be heightened in the online environment, as socialization becomes harder and it's easier to get stressed while isolated to a singular room at a computer for an entire weekend. That said, it's important to try and chill out! You'll look back on the tournament far more fondly if you tried to relax and have fun as much as possible as opposed to stressing out the entire time. Moreover, use the time to try and socialize with friends you've made on the circuit as best you can in the online environment, whether through texting between rounds or setting up group Zoom calls. The people that you meet through this activity are a large part of what makes it worthwhile, a fact that certainly does not change just because a tournament is more competitive.

Bearing that in mind, this topic is likely to be especially difficult, and rewarding, to prepare for. There are a few reasons for this, the first being the knowledge base of actual debaters themselves. The International Monetary Fund (IMF) is a very complicated political and economic institution and one that entire college courses are spent dissecting. While many debaters, who tend to be pretty politically engaged and up to date on news just by nature, likely have a good starting point of knowledge for most topics, few will come into this topic understanding all of the economics that go into the IMF and its operations. This is not a reason to despair, and instead should be seen as an opportunity for debaters to learn a significant

amount about international politics and economics. In keeping with that theme, I encourage debaters to be creative when using all of the potential resources at their disposal to get a handle on the topic. Does your school offer an economics class? Go talk to the teacher and ask if you can pick their brain about the IMF and any economic jargon or concepts you run into in your research. See if you can check out whatever textbook they use in the class, or if they have any good recommendations. Even if your school does not offer an economics class, chances are at least someone on the faculty (often a history teacher) knows a lot about the subject, so ask around. School faculty have a wealth of knowledge and are often underutilized by students preparing for the topic, so I highly recommend that students use those resources as much as possible.

A second complication with the content of this topic concerns judges. On the one hand, most judges will likely not have a particularly strong opinion about the topic going in, which is nice. Much like the February topic, many judges will find themselves totally out of their depth with the IMF, as despite its importance, it does not typically get a whole lot of media coverage. This means that giving relevant background information and making arguments accessible is key to being successful. This is especially true within the context of online debate, as judges, like everyone else, will inevitably miss things or briefly zone out after spending hours upon hours on Zoom, and the more niche debate jargon and unexplained technical IMF terms that you use, the more likely it will be for judges to find themselves lost and confused. It's therefore paramount that debaters make their speeches engaging and understandable. As always, reading cases to parents, friends, or anyone else who is unfamiliar with the topic before the

tournament and asking how much they understood is super useful. After all, arguments are only as good insofar as judges can understand them, so making cases accessible to broad audiences is critical to finding success. That said, while most judges will likely be rather unfamiliar with the intricacies of the IMF, one phenomenon teams may observe is that they will get some judges who are very acquainted with the IMF. Teams may have coaches who teach or know a lot about economics or may hire former debaters to judge for them who happen to be economics students. This is a minority of judges, so teams shouldn't build their cases expecting it, but teams should make sure to have their facts down and be certain they aren't misrepresenting the IMF to win rounds, as, on this topic, it could very well cost them.

While the wording of the topic itself is rather straightforward, it does have one wrinkle that will likely be the subject of much debate, and that is the timeframe on which the resolution asks debaters to evaluate the IMF. Debaters will quickly discover in their research that the IMF has a rocky history and that many of their policies and interventions that con teams will harp on happened in decades prior, and the IMF has since instituted some reforms aimed at righting the ship. The extent to which these reforms are effective will be a key part of the round, but that does not mean the older examples of the IMF potentially causing significant harm can be completely ignored just because they've implemented reforms. Many judges will likely be inclined to prefer impacts about their contemporary policy, but historical examples of IMF errors can certainly play a role in crafting a case for the con side, especially if they fit into some kind of broader narrative about the organization that extends to the present day. With all that

in mind, let's dive into the actual arguments that teams should consider employing on both sides of the topic.

## Affirmative Argumentation

While it may not seem relevant to its current operations, understanding how and why the IMF was founded should inform the way that pro teams frame the institution in their arguments. The IMF was founded after the Second World War, as part of the new U.S.-led Western liberal world order. While the United Nations was founded to promote political stability and cooperation, the IMF, along with the World Bank, was meant to provide economic stability around the world. It has done this primarily by acting as a lender of last resort for countries that are struggling economically and cannot find any other countries willing to lend to them.<sup>1</sup> Essentially, countries undergoing economic hardship are often operating at a deficit, meaning they are spending more money than they are receiving from taxes and therefore must borrow money from lenders, and are in debt overall, meaning that it is very difficult for them to find countries or banks willing to lend them money since the chances they can pay it back seem very slim. When that happens, the IMF can step in and loan country money so that they can pay back some of their other debts and get their economy back on track. Debaters can find numerous examples of this, but one nice encapsulation is Brazil in the early 2000s. In 2001, the Argentinian economy collapsed, and it spread throughout the continent, as the Brazilian government nearly defaulted on its debt and experienced what's known as "capital flight," where money and assets moved out of the country rapidly for fear of the government

defaulting, which only further strained Brazil's economy. At this point, the IMF stepped in and gave Brazil a massive \$30 billion loan, which stabilized its economy, helped them pay off the debt to avoid defaulting, and solved the problem of capital flight.<sup>2</sup> Three years later, the Brazilian government repaid all its loans to the IMF ahead of schedule, which reflected the rapid turnaround of their economy, which had been on the brink of collapse only years prior.<sup>3</sup> It's a story that nicely encapsulates the entire goal of the IMF: a country is in dire straits and cannot find help anywhere else, the IMF comes and gives them a loan to stabilize them in the short term, the short term stability translates to long term growth, and the country is then able to pay the loans back, having avoided catastrophe.

When talking about all of these economic terms in the abstract, and while using technical terminology, it's very easy to distance the concepts at play here from their actual implications on human lives. To be successful on this topic, teams will have to correct for that effect, by connecting economic analysis into everyday conditions and contextualizing their impacts in the lives of real people. When an economic recession hits, people lose their jobs, and can no longer afford to put food on the table for their families. When this happens, people need to cut spending to focus on the necessities, and when spending as a whole declines, businesses lose money and are forced to lay off more workers. At this point, businesses desperately need loans to help them out, but capital flight shifts resources out of the country, preventing businesses from getting loans, further plunging the country down. To reduce any of this to a number is inherently fruitless, but some numbers can help provide context, such as the fact that unemployment is associated with a 63% increase in mortality.<sup>4</sup> The point of all of this

is that by preventing capital flight and through stabilizing the economy, the IMF has the potential to help millions of people, and the more pro teams can impact out their arguments to reflect this fact, the better.

In addition to stabilizing the economy of an individual country, the IMF can also prevent global recessions from occurring. This duty again goes back to their origins of the institution. In the decades since WWII, the global economy has become more interconnected than in the entirety of human history, as international trade and financial markets have created interdependence among countries. There are many benefits to the economic system, but one downside is that it makes global recessions far more likely, as the economic collapse of one country can quickly spread to its neighbors, and soon after around the world. This process is reflected in the example of Brazil, as it was the Argentinian economy that collapsed first, then spread to Brazil, and had the potential to continue spreading around the world. By stepping in to stabilize Argentina and Brazil, the IMF not only helped those countries but also prevented countries around the continent and the world from seeing severe economic harm.

This kind of framing is crucial for pro teams who will need to "manage the expectations," so speak, of countries receiving IMF help. The IMF generally intervenes only in extreme situations, such as the Great Depression of Argentina in the late 1990s and early 2000s. Even if the IMF does everything perfectly, very few countries go from depression to prosperity particularly quickly. So in the case of Argentina, it may seem as though the Argentinian economy hasn't been fantastic since the depression/IMF interventions, but pro teams can effectively make the case that it would have been far, far worse without the help of

the IMF, how many millions more people in Argentina and its neighboring countries would have been thrown in poverty if not for the IMF stabilization. Unfortunately for pro teams, it's difficult to measure the harm of a recession that could have happened, but by framing the debate as comparing a world with or without IMF assistance, as opposed to simply examining what happened before and after the IMF intervened, they'll be able to effectively show the benefits provided by the IMF.

Having seen how the IMF works at its best, it's now important for pro teams to consider potential problems with the IMF so they can effectively respond. After all, a quick Google search will reveal how controversial the IMF is, with myriad articles maligning the IMF's actions in countries around the world. One such practice is their use of austerity measures. Austerity is a fancy word that describes a relatively simple economic concept: when a government tries to reduce its budget deficit, through policies such as tax cuts (which increase the revenue of the government) and cuts to government spending. The IMF has a history of imposing these policies on countries that they give loans to, and they are very controversial, for reasons that we will get into when examining negative argumentation. Before that, one must understand the justification for these politics. When a government has a high deficit and large debt, it makes it harder for the government to take out loans in the future, since lenders do not believe that the government will pay back the debt they owe (this is the justification for the IMF in the first). As explained earlier, this leads to capital flight, stifling economic activity across the country as things continue to spiral out of control. Proponents of austerity measures hold that a country needs to get its deficit and debt under control and that doing so functions as a

prerequisite to getting the economy back on its feet and able to resume economic activity. This is where the framing of the world with or without IMF intervention, as opposed to before and after, comes into play: austerity may be difficult in the short term and seem not to aid recovery, but in the long run, getting a country's debt under control is critical establishing its credibility on the global scale and resuming economic activity. Explaining that to judges unfamiliar with economics will be tricky, so pro teams should make sure to practice explaining these concepts clearly as many times as they need to. To do that, they will need to do their best to dive in and understand the concept as well, as judges can often tell when a debater is explaining a concept that they don't quite grasp. With all that said, let's look at what the core parts of negative argumentation will be.

## Negative Argumentation

Having seen how the IMF works in its ideal form, we can now turn our attention towards its shortcomings as an institution. There are many different critiques of the IMF that have been made over the years, ranging from technical policy mistakes to fundamental ideological issues, and negative teams should explore all of these critiques to find the ones that fit their interests and debate-style the best. That said, many of the critiques of the IMF come from a basic premise, which is that it is a singularly minded institution, operating from a very narrow economic viewpoint, one of unregulated open-market capitalism, and that it wields its immense power to impose that economic ideology on countries around the world, regardless of the nuances of country's situation. As esteemed Nobel Prize-winning economist Joseph Stiglitz,

an outspoken critic of the IMF, puts it "Conditionalities are adopted without social consensus.

It's a continuation of the colonial mentality. ... You have the old boys' club discussing how the old boys' club should be reformed."<sup>5</sup> That is a significant claim coming from such a high-profile economist about a decades-old international institution. What has made Stiglitz, and many others, come to that conclusion about the IMF?

There are myriad answers to that question, but one place to start is with the IMF's structural adjustment procedures. As mentioned earlier, when the IMF gives a loan, the loan often comes attached with a bunch of conditions that the recipient country must follow. And if a country finds itself unable to pay back a loan on the agreed-upon date (which is common given that countries often receive loans in such dire circumstances) a host of other procedures kick in. These are often called structural adjustment procedures, and they are politics that require the country to adopt the economic ideology of the IMF by rapidly liberalizing/deregulating their economy, reducing the government deficit through austerity measures, eliminating food subsidies, cutting wages, focusing economic output on direct export and resource extraction, and more. These programs, called SAPs, are thrust on to countries very quickly, often with disastrous consequences. SAPs come in many different ways, so let's go through a few of the common ones the IMF has employed and see how they may have caused harm to recipient countries.

The first, and perhaps most famous, IMF tenant is that austerity, the justification for which is explained in the affirmative argumentation section above. While the IMF has consistently stood by austerity measures, many others have found them to be

counterproductive. By raising taxes and cutting government spending during a recession, austerity measures take money out of the pockets of people when they need it to survive. It further constrains the amount of spending that people can do, which hurts businesses that rely on consumer spending, further increasing unemployment and compounding all of the issues of the recession, plunging a country further into crisis. The IMF, in its defense of austerity, holds that eliminating debt is necessary to restore a country's economic health in the long term, and austerity measures are necessary to stop the bleeding and get the country back on track. The problem is that constraining people in the short term severely damages the long-term prospects of an economy. As Stiglitz explains, if a government cuts education spending as part of an austerity measure, the next generation does not achieve their full educational potential, which decreases economic growth in the long run.<sup>6</sup> The 2008 Financial Crisis provides an excellent case study, as in the wake of the recession, some countries increased government spending and went into debt, while others, urged by the IMF, took drastic austerity measures. The results were clear: countries that engaged in increased spending, known as fiscal stimulus, fared far better than those that saw their economies shrink from austerity measures. Countries that went into more debt in the short term saw their financial position strengthen.<sup>7</sup> This is because, as an economy grows, people make more money, meaning they pay more in tax revenues, and as people get jobs, the government spends less on social services such as unemployment insurance, which strengthen the fiscal health of a government in the long term.<sup>8</sup> Despite all of this, the IMF remains singularly minded and continues to push austerity measures on developing countries, even during the global pandemic.<sup>9</sup> With all of this in mind,

negative teams should strongly consider making arguments about the IMFs consistent, and disastrous, implementation of austerity policies on the countries it tries to help.

Now that we've scrutinized a rather specific economic policy included in many SAPs, let's zoom out to see why as a whole these programs are often detrimental. As mentioned earlier, the IMF operates from a pretty singular economic vantage point, neoliberalism being the technical term, and it often imposes that ideology onto developing countries or countries in crisis even if it is not the right fit for their economy at the time. Many of the policies that they impose seem to be directly in service of the global elite, rather than the actual countries that they are trying to help. Stiglitz gives the example of the East Asian Crises of the late 1990s, an event which negative teams should seek to understand as best they can, as it remains one of the largest stains on the resume of the IMF. The IMF intervened early on when the first countries started struggling, and the basic economic principles that were meant to represent the core of the IMF (stopping a global economic recession) dictated that they needed to give the countries more resources, the IMF pushed contractionary economic policy, such as higher interest rates, on the countries, which contributed to the crises spreading further. Why would they do something so seemingly counter to their original goals? Stiglitz puts it plainly, saying they did it "To make sure that creditors got repaid."<sup>10</sup> Indeed, the IMF is functionally run by the U.S. and the E.U., and in many ways can be said to serve the interest of economic and business elites around the world, which is why Stiglitz says that their policies focused on getting creditors (who were likely Western elites) paid, even though those interests were at odds with the countries they were helping. The problems with IMF SAPs extend far beyond the East Asian

crisis, a study found that SAPs "undermine access to quality and affordable healthcare and adversely impact upon social determinants of health, such as income and food availability."<sup>11</sup>

Ultimately, the market-focused neoliberal policies pushed onto countries by the IMF may or may not be good for the countries, but it is almost certain that the countries that powers that run the IMF stand to benefit from the psyching of those policies. As long as that is the case, there is reason to be skeptical of IMF reforms, and a compelling case to be made that by serving the elites, rather than the vulnerable, the IMF does more harm than good.

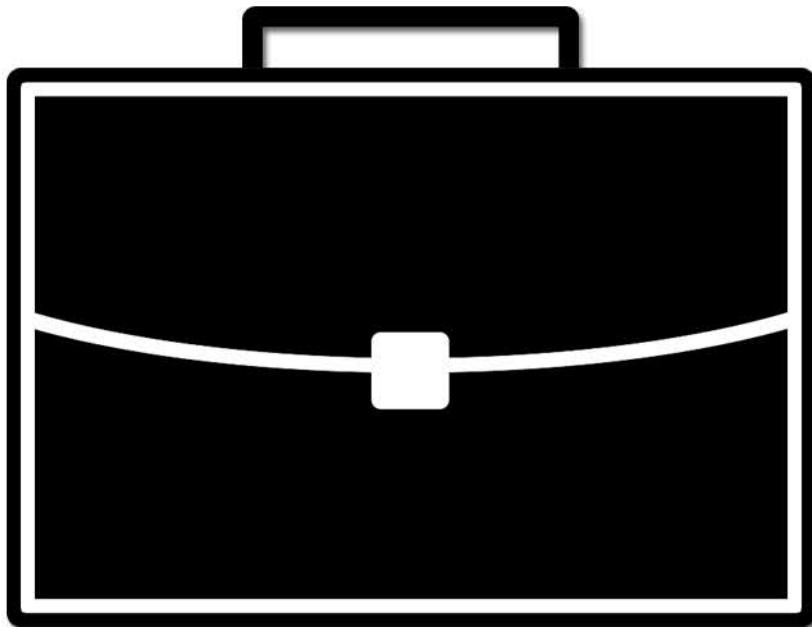
## About Tucker Wilke

Tucker is from Westchester, New York, where he attended the Hackley School. He is now attending Brown University, where he debates for the Brown Debating Union and studies English and Economics. Over the course of his career, Tucker amassed 8 bids to the Tournament of Champions. In addition, he reached the Quarterfinals at Bronx, Glenbrooks, UK, Ridge and Princeton, Semifinals at Penn and Columbia, and championed the Scarsdale Invitational. He was ranked as high as 7th in the country in his senior year. As a coach for Hackley, his students have reached semifinals at Blake and Quarters at Penn.

# **Champion Briefs**

## **April 2021**

### **Public Forum Brief**



## **General Information**

### General Information

***Resolved: The benefits of the International Monetary Fund outweigh the harms.***

**Foreword:** We, at Champion Briefs, feel that having deep knowledge about a topic is just as valuable as formulating the right arguments. Having general background knowledge about the topic area helps debaters form more coherent arguments from their breadth of knowledge. As such, we have compiled general information on the key concepts and general areas that we feel will best suit you for in- and out-of-round use. Any strong strategy or argument must be built from a strong foundation of information; we hope that you will utilize this section to help build that foundation.

## What is the IMF

**Founding and mission:** The IMF was conceived in July 1944 at the United Nations Bretton Woods Conference in New Hampshire, United States. The 44 countries in attendance sought to build a framework for international economic cooperation and avoid repeating the competitive currency devaluations that contributed to the Great Depression of the 1930s. The IMF's primary mission is to ensure the stability of the international monetary system—the system of exchange rates and international payments that enables countries and their citizens to transact with each other.

**Surveillance:** In order to maintain stability and prevent crises in the international monetary system, the IMF monitors member country policies as well as national, regional, and global economic and financial developments through a formal system known as surveillance. The IMF provides advice to member countries and promotes policies designed to foster economic stability, reduce vulnerability to economic and financial crises, and raise living standards. It also provides periodic assessments of global prospects in its *World Economic Outlook*, of financial markets in its *Global Financial Stability Report*, of public finance developments in its *Fiscal Monitor*, and of external positions of the largest economies in its *External Sector Report*, in addition to a series of regional economic outlooks.

**Financial assistance:** Providing loans to member countries that are experiencing actual or potential balance-of-payments problems is a core responsibility of the IMF. Individual country adjustment programs are designed in close cooperation with the IMF and are supported by IMF financing, and ongoing financial support is dependent on effective implementation of these adjustments. In response to the global economic crisis, in April 2009 the IMF strengthened its lending capacity and approved a major overhaul of its financial support mechanisms, with additional reforms adopted in subsequent years. These changes enhanced the IMF's crisis-prevention toolkit, bolstering its ability to mitigate contagion during systemic crises and allowing it to better tailor instruments to meet the needs of individual member countries. In response to the Covid-19 pandemic, the IMF temporarily increased the access limits under emergency financing instruments and the annual limit on overall access under nonconcessional

resources. The IMF also established the Short-term Liquidity Line (SLL) to provide a backstop to members with very strong policies and fundamentals. Loan resources available to low-income countries (LICs) were sharply increased in 2009 and more recently since March 2020 in response to unprecedented demand for concessional financing from the COVID-19 pandemic. Average limits under the IMF's concessional loan facilities were doubled in 2009, reviewed and increased in 2016, when the effectiveness conditions for the 14th Review were met (see below), and increased again by one third in 2019 to avoid access erosion and preserve the potential financing contribution of Fund programs. Annual access limits for the PRGT were temporarily increased in response to the COVID-19 pandemic through April 6, 2021. In addition, zero interest rates on concessional loans were extended through end-June 2021, and the interest rate on emergency financing is permanently set at zero. The Catastrophe Containment and Relief Trust (CCRT) was modified to provide debt service relief to the poorest and most vulnerable members. Finally, effective and pledged additional loan resources in the amount of SDR 16.9 billion were secured in response to significant demand for concessional financing driven by the COVID-19 pandemic and ensuing economic shocks. Together with previously available resources, loans to the PRGT are expected to cover commitments under current policies until 2024.

**Capacity development:** The IMF provides technical assistance and training to help member countries build better economic institutions and strengthen related human capacities. This includes, for example, designing and implementing more effective policies for taxation and administration, expenditure management, monetary and exchange rate policies, banking and financial system supervision and regulation, legislative frameworks, and economic statistics.

**SDRs:** The IMF issues an international reserve asset known as Special Drawing Rights, or SDRs, that can supplement the official reserves of member countries participating in the SDR Department (currently all members of the IMF). A general allocation of SDRs must be consistent with the objective of meeting the long-term global need for reserve assets and requires Board of Governors approval by an 85 percent majority of the total voting power. Once agreed, the allocation is distributed to member countries in proportion to their quota shares at the

Fund. Total global allocations are currently about SDR 204.2 billion (some \$293 billion). IMF members can voluntarily exchange SDRs for currencies among themselves.

**Resources:** Member quotas are the primary source of IMF financial resources. A member's quota broadly reflects its size and position in the world economy. The IMF regularly conducts general reviews of quotas. The 14<sup>th</sup> Review, which was concluded in 2010 and became effective in 2016, doubled quota resources to SDR 477 billion (about US\$687 billion). The 15<sup>th</sup> Review was concluded in 2020 with no increase in quota.

In addition to quota resources, credit arrangements between the IMF and a group of members and institutions provide supplementary resources. These arrangements, called New Arrangements to Borrow (NAB) are the main backstop to quotas. On January 16, 2020, the Executive Board agreed on amendments to the NAB, including a doubling of its size to SDR 365 billion (\$526 billion), for a new period from 2021 to 2025. This reform entered into force on January 1, 2021.

## At a Glance: The IMF's Firepower

The IMF is able to lend about \$1 trillion to its member countries

THIS MONEY COMES FROM 3 DIFFERENT SOURCES:

### First line of defense

#### Quotas

In normal times, the IMF uses its quota-based resources to finance lending.

**\$440 billion**

(SDR 320 billion)

### Second line of defense

#### Multilateral borrowing arrangements

If the IMF believes that its quota resources might fall short—for example, in the event of a major financial crisis—it can activate the New Arrangements to Borrow (NAB).

**\$196 billion**

(SDR 143 billion)

### Third line of defense

#### Bilateral borrowing agreements

As a third line of defense, the IMF has access to bilateral borrowing agreements to supplement quotas and NAB resources in case tail risks materialize.

**\$344 billion**

(SDR 250 billion)\*

\* Data as of end-Feb, 2020

## The history of the IMF

By the early 1960s, the U.S. dollar's fixed value against gold, under the Bretton Woods system of fixed exchange rates, was seen as overvalued. A sizable increase in domestic spending on President Lyndon Johnson's Great Society programs and a rise in military spending caused by the Vietnam War gradually worsened the overvaluation of the dollar.

### **End of Bretton Woods system**

The system dissolved between 1968 and 1973. In August 1971, U.S. President Richard Nixon announced the "temporary" suspension of the dollar's convertibility into gold. While the dollar had struggled throughout most of the 1960s within the parity established at Bretton Woods, this crisis marked the breakdown of the system. An attempt to revive the fixed exchange rates failed, and by March 1973 the major currencies began to float against each other.

Since the collapse of the Bretton Woods system, IMF members have been free to choose any form of exchange arrangement they wish (except pegging their currency to gold): allowing the currency to float freely, pegging it to another currency or a basket of currencies, adopting the currency of another country, participating in a currency bloc, or forming part of a monetary union.

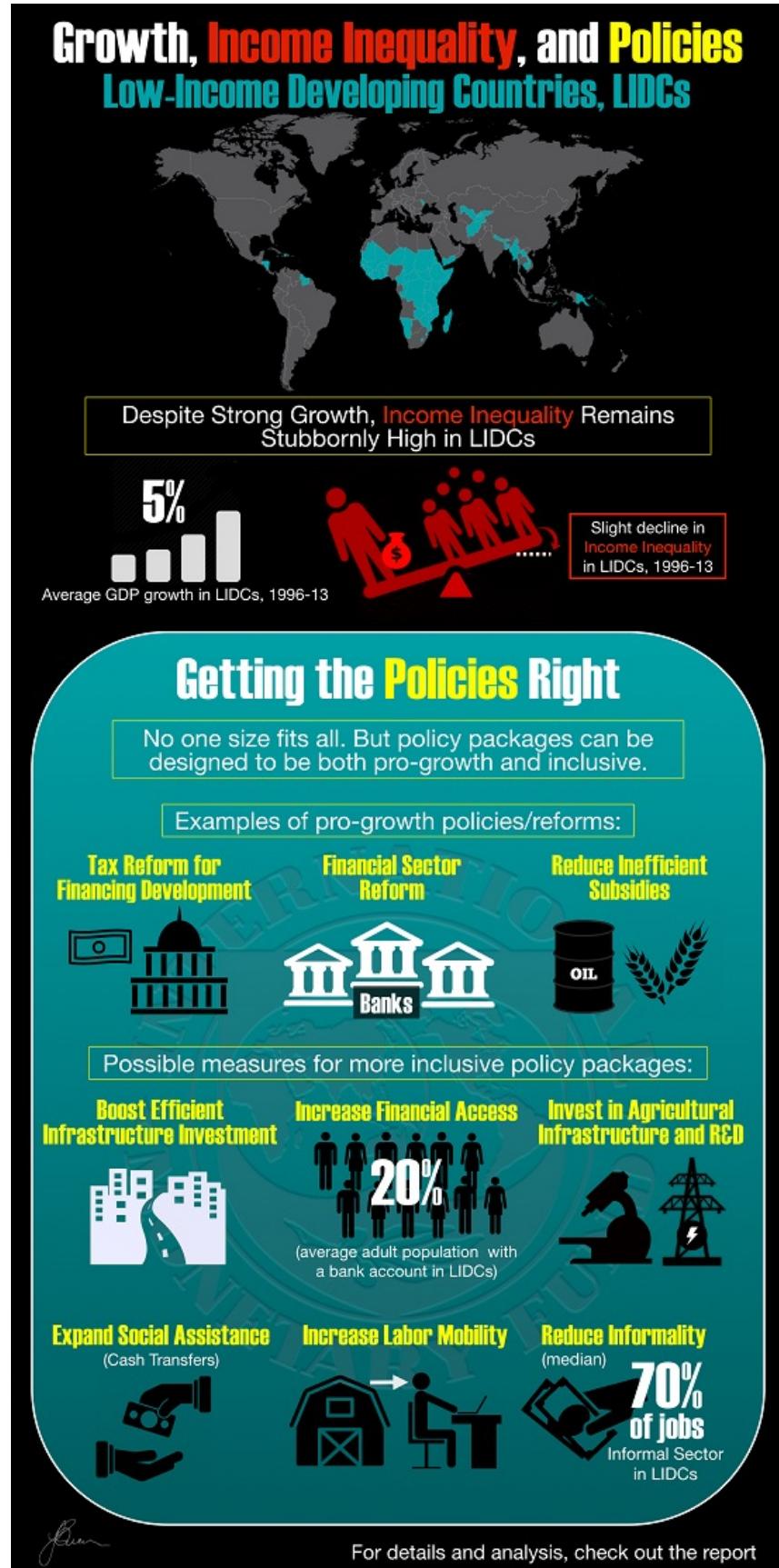
### **Oil shocks**

Many feared that the collapse of the Bretton Woods system would bring the period of rapid growth to an end. In fact, the transition to floating exchange rates was relatively smooth, and it was certainly timely: flexible exchange rates made it easier for economies to adjust to more expensive oil, when the price suddenly started going up in October 1973. Floating rates have facilitated adjustments to external shocks ever since. The IMF responded to the challenges created by the oil price shocks of the 1970s by adapting its lending instruments. To help oil importers deal with anticipated current

account deficits and inflation in the face of higher oil prices, it set up the first of two oil facilities.

### **Helping poor countries**

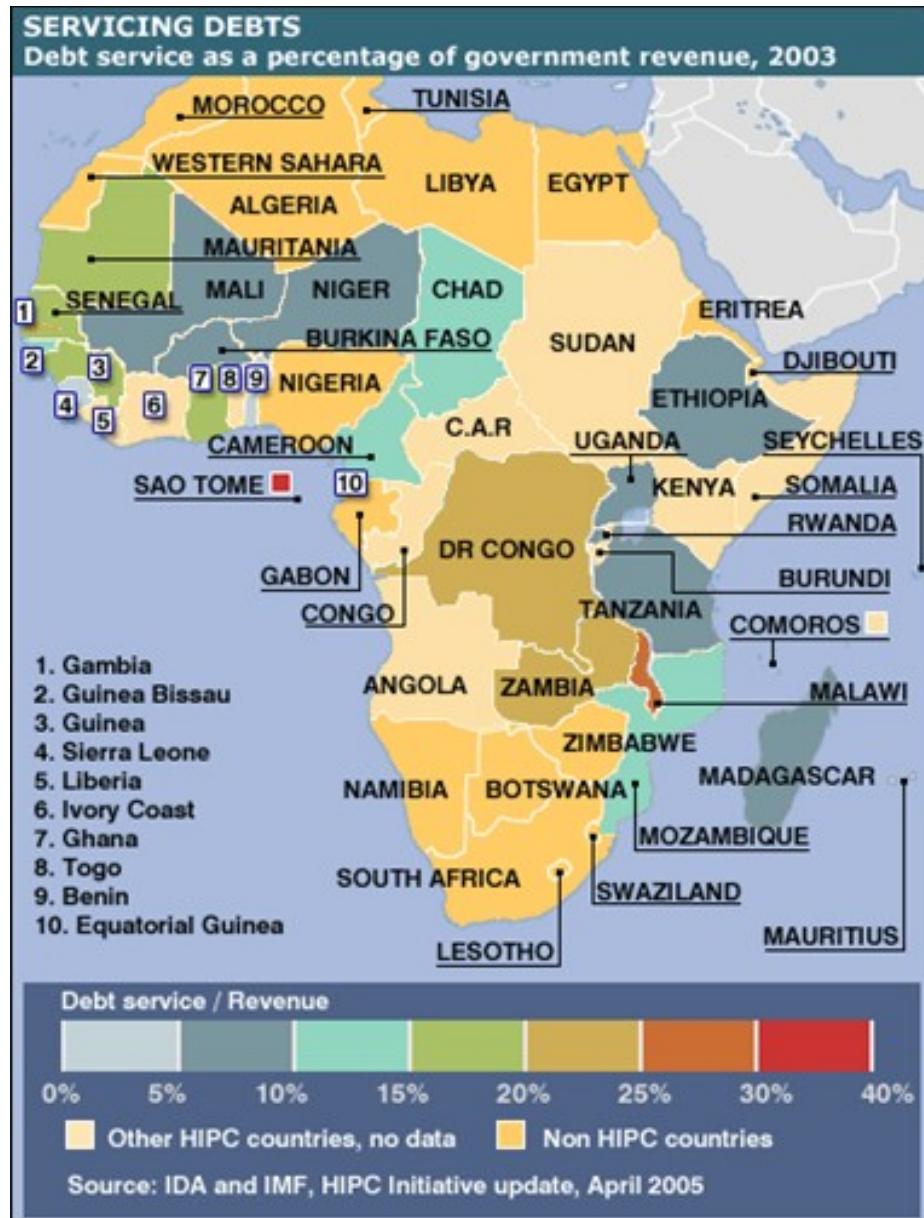
From the mid-1970s, the IMF sought to respond to the balance of payments difficulties confronting many of the world's poorest countries by providing concessional financing through what was known as the Trust Fund. In March 1986, the IMF created a new concessional loan program called the Structural Adjustment Facility. The SAF was succeeded by the Enhanced Structural Adjustment Facility in December 1987.



### IMF policies and the history of structural adjustment programs

Poverty reduction is in the news for both the International Monetary Fund (IMF) and the World Bank. The IMF website says: In September 1999, the objectives of the IMF's concessional lending were broadened to include an explicit focus on poverty reduction in the context of a growth oriented strategy. The IMF will support, along with the World Bank, strategies elaborated by the borrowing country in a Poverty Reduction Strategy Paper (PRSP). For its part, the World Bank headquarters has built into its lobby wall the slogan "our dream is a world free of poverty." In a joint statement issued by the President of the World Bank and the Managing Director of the International Monetary Fund in April 2001, they declared poverty "the greatest challenge facing the international community" and an issue concerning which "the Bank and Fund have an important role to play" (World Bank and International Monetary Fund 2001, 2). The recent East Asian currency crisis and its aftershocks in other countries generated intense concern about how the poor were faring under structural adjustment programs supported by the Bank and the IMF. The poverty issue is so red-hot that IMF and World Bank staff began to feel that every action inside these organizations, from reviewing public expenditure to vacuuming the office carpet, should be justified by its effect on poverty reduction. At the same time, there has been a long-standing criticism from the left of World Bank and IMF structural adjustment programs as disproportionately hurting the poor: When the International Monetary Fund (IMF) and World Bank arrive in southern countries, corporate profits go up, but so do poverty and suffering. Decades of promises that just a little more "short-term" pain will bring long-term gain have exposed the IMF and World Bank as false prophets whose mission is to protect those who already control too much wealth and power. A report published today by the World Development Movement (WDM) shows that the International Monetary Fund's (IMF) new Poverty Reduction Strategies are acting as barriers to policies benefiting the world's poorest people. Many developing countries suffered . . . sustained increases in prosperity, accompanied by dramatic increases in inequality and child poverty . . . under the auspices of IMF and World Bank adjustment programmes. In country after country, structural adjustment programs (SAPs) have reversed the development successes of the 1960s and 1970s, with . . .

millions sliding into poverty every year. Even the World Bank has had to accept that SAPs have failed the poor, with a special burden falling on women and children. Yet together with the IMF it still demands that developing countries persist with SAPs. This paper examines the effect of IMF and World Bank adjustment lending on poverty reduction.<sup>1</sup> I briefly examine the effect of IMF and World Bank adjustment lending on growth and find no effect (suitably instrumenting for adjustment lending), which is in line with the previous long and inconclusive literature. My main result is that IMF and World Bank adjustment lending lowers the growth elasticity of poverty, that is, the amount of change in poverty rates for a given amount of growth. This means that economic expansions benefit the poor less under structural adjustment, but at the same time economic contractions hurt the poor less. What could be the mechanisms for such a result? There could be several possible explanations. I first speculate that IMF and World Bank conditionality may be less austere when lending occurs during an economic contraction, whereas conditionality may require more macro adjustment during an expansion.



### Proposals for reform

The IMF has been engaged in a process of reform<sup>1</sup> over the past several years. The changes are to a large extent motivated by the need to adapt to the challenges of the global economy. This issues brief looks specifically at what has been achieved over the past two years. It takes as its point of departure the speech<sup>2</sup> made by Managing Director Horst Köhler to the IMF Board of Governors at the IMF-World Bank Annual Meetings that were held in Prague in September 2000. In his speech, Köhler took stock of what had been achieved so far, and outlined six areas where further change was needed. These areas included:

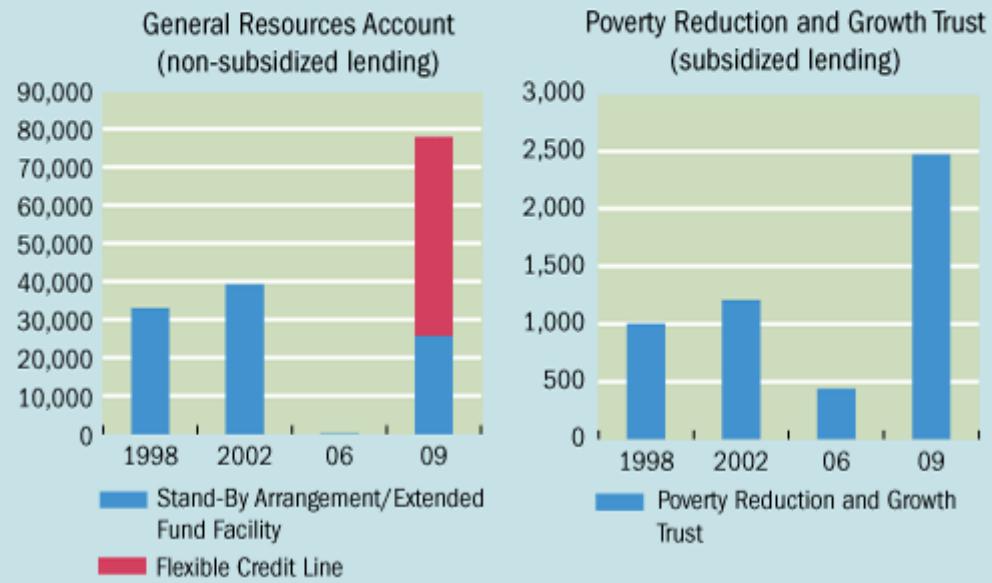
- Strengthening surveillance and crisis prevention;
- Helping member countries strengthen their institutional capacity;
- Improving IMF lending;
- Enhancing the framework for crisis resolution;
- Strengthening support for low income countries; and
- Ensuring that the IMF is an open and learning institution.

The following sections list the reforms and new initiatives that were called for in the speech in the six areas mentioned above (highlighted in bold text), and review briefly the progress that has been achieved over the past two years. A more complete coverage of the status of IMF reform can be found in the Managing Director's report to the International Monetary and Financial Committee, "The IMF in a Process of Change"<sup>3</sup> that was prepared ahead of the 2002 Annual Meetings in Washington, D.C.

**IMF lending approvals at all-time high**

The global economic crisis and lending instrument reform boosted IMF lending approvals in 2009.

(annual lending approvals, in millions of SDRs)



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6/8/10. <https://www.imf.org/en/News/Articles/2015/09/28/04/53/sopol060810a>

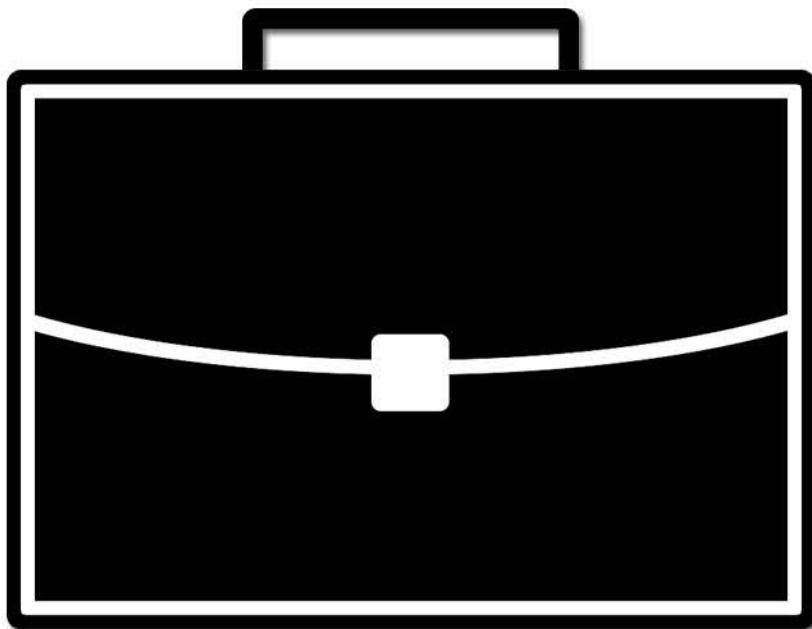
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<https://www.imf.org/external/about/histend.htm>

# Champion Briefs

## April 2021

### Public Forum Brief



## Pro Arguments

### PRO: IMF increases global economic stability

**Argument:** The IMF increases stability in economic fluctuations.

**Warrant:** It is the mission of the IMF to ensure the stability of financial systems.

Gopinath, Gita. "Globalization: A Framework for IMF Involvement". IMF.org. Mar 2002.

Web. 3 Mar 2021.

<https://www.imf.org/external/np/exr/ib/2002/031502.htm#:~:text=The%20IMF%20seeks%20to%20mitigate,capital%20markets%2C%20while%20reducing%20their%20vulnerability%20to%20adverse%20shocks%20or%20changes%20in%20investor%20sentiment>

**"The IMF seeks to mitigate the negative effects of globalization on the world economy in two ways: by ensuring the stability of the international financial system, and by helping individual countries take advantage of the investment opportunities offered by international capital markets, while reducing their vulnerability to adverse shocks or changes in investor sentiment.** Private capital flows have become the most important source of financing for economic growth, job creation, and productivity. But they can also be a source of volatility and crisis. To address some of these problems, **the IMF is encouraging its members to increase the transparency of their financial and corporate sectors as a means to reduce financial abuse, such as money laundering and fraud, and ensure a level playing field for all investors. It is also stepping up its surveillance of international capital markets, and is improving its ability to predict and preempt crises.**

**Warrant:** The IMF has an important role in promoting economic stability at any time.

Alina HAGIU & Luiza Madalina APOSTOL, 2017. "The Role Of The International Monetary Fund In Promoting Global Economic Stability," Scientific Bulletin - Economic

Sciences, University of Pitesti, vol. 16(3), pages 90-103.

[http://economic.upit.ro/repec/pdf/2017\\_3\\_13.pdf](http://economic.upit.ro/repec/pdf/2017_3_13.pdf)

As part of its comprehensive efforts to improve surveillance, in July 2015, the Executive Committee adopted the Integrated Surveillance Decision to strengthen the legal framework for monitoring. In September 2015, the Council approved a Financial Supervision Strategy that proposed concrete measures to strengthen IMF monitoring activities. **These actions help to ensure that the IMF is in a position to address the issues of membership policy in terms of global stability, to more closely monitor the members' external sectors, to better involve members in a global, constructive dialogue to better protect the functioning of the international monetary system and to support global economic and financial stability.** In recent years, **the IMF has taken major initiatives to strengthen its surveillance to respond to a globalized and interconnected world. These initiatives include reconsideration of the legal framework for supervision, deepening of risk and spreads analysis, strengthening financial systemic supervision of systemic risk, stepping up evaluations of external members' positions and responding more quickly to the concerns of membership.** The IMF is based on the analysis of cross-border risks and spreads in international fora, such as the G20 and the Financial Stability Board, to promote policies that support global sustainable growth and financial stability. **The IMF increases risk assessments so that potential problems can be identified and appropriate policy responses develop more effectively. The IMF conducts a half-year early warning exercise to identify and assess the low probability but with high impact risks to the global economy. It also conducts specific exercises to assess vulnerabilities and emerging risks in advanced, emerging and low-income individual countries.**

**Warrant:** The IMF is a safety net for financial crisis.

Masters, Jonathan and Chatzky, Andrew. "The IMF: The World's Controversial Financial Firefighter." Council on Foreign Relations. 20 August 2020. Web. 3 Mar 2021. <https://www.cfr.org/backgrounder/imf-worlds-controversial-financial-firefighter>

**The IMF has been called the world's "financial crisis firefighter," relied on by member countries to deal with crippling sovereign debt and prevent contagion from spreading through the global financial system. A member country—there are 189 members as of 2020—typically summons the IMF when it can no longer finance imports or service its debt to creditors, a sign of potential crisis. The fund will extend the government a loan and help organize a new debt-repayment schedule that the country can manage. In exchange, the member agrees to implement IMF reforms designed to rectify its balance of payments and restore foreign exchange reserves in its central bank.** The lending conditions are designed not only to guarantee the repayment of loans but also to ensure the money borrowed will be spent in line with the stated economic objectives. The IMF cannot force its will on member countries; countries accept the fund's conditioned financial assistance on a voluntary basis. **Some economists characterize the fund's performance in the Asian financial crisis of 1997–98 as a success. They argue that the economic reforms championed by the IMF allowed the countries involved to recover quickly and laid the foundation for sustained growth during the 2000s. Others point to the fund's role in Brazil in 2002 as positive: an early recovery there after intervention allowed IMF loans to be repaid ahead of schedule.**

**Impact:** The rescue of European countries in 2010 saved not only Europe but the United States as well.

Lundsager, Meg. "'The Impact of the International Monetary Fund: Economic Stability or Moral Hazard?': Meg Lundsager Testifies before the House Financial Services

Sub-Committee on Monetary Policy and Trade.” Wilson Center. 17 June 2015. Web. 3 Mar 2021. <https://www.wilsoncenter.org/article/the-impact-the-international-monetary-fund-economic-stability-or-moral-hazard-meg-lundsager>

**Second**, some view the IMF view as an instrument of Europe and claim the IMF should not have rescued Eurozone countries. But **without the IMF as the crisis manager in Europe, we risked the dissolution of the Eurozone as a growing crisis erupted in several Eurozone countries in 2010. If the Eurozone had fallen apart, the US dollar would have risen sharply on global markets** as investors fled a disintegrating European currency union and sought the US safe haven, with negative effects on our economy. Our exports such as capital goods and our import competing industries such as autos would have felt the most direct effects. **A collapsing Eurozone would have increased the risk of European bank failures, which would have affected US financial institutions and corporations as well as stock and bond markets.** The US economic recovery would have been undercut.

**Impact:** IMF precautionary financing improves economic success post crisis.

Ducharme, Louis. “Serbia Completes Successful IMF Program” IMF.org. 22 Feb 2018. Web. 3 Mar 2021.  
<https://www.imf.org/en/News/Articles/2018/02/21/na022218-serbia-completes-successful-imf-program>

**In 2014 Serbia’s economy was in serious trouble.** Following the 2008 global financial crisis, the country’s economy stagnated, while weak public institutions, collapsing tax receipts, and overspending by government and state-owned enterprises resulted in a rapid buildup of public debt. **Recognizing the unsustainable situation, the authorities adopted an ambitious program of fiscal adjustment, financial sector strengthening,**

and broad-based economic reforms. The IMF supported the program with economic advice and monitoring, along with precautionary financing. After three years of effort under the program, the economy has turned around. The fiscal accounts, with the second-largest deficit in Europe in 2014, boasted a surplus in 2017. Economic confidence has improved with stronger investment both from foreign and domestic sources. Unemployment is near historic lows, and falling. Banks are solid, and nonperforming loans are now below their precrisis levels.

**Impact:** IMF financial stability assistance has a long history of success.

Associated Press. "IMF Success In S. Korea, Thailand". Christian Science Monitor. 29 Sept 1998. Web. 3 Mar 2021.

<https://www.csmonitor.com/1998/0929/092998.intl.intl.2.html>

Thailand and South Korea provide "excellent examples" of how the International Monetary Fund can play a vital role in restoring a country's economic stability, a US envoy said yesterday. "Both governments have achieved a stability of their currencies, a rebuilding of their reserve positions," said United States Assistant Secretary of State for Economic and Business Affairs Alan Larson. The IMF signed a \$17.2 billion bailout package with Thailand in August last year and another \$43 billion bailout for South Korea shortly thereafter. Mr. Larson said that the IMF's global performance should not be judged by the Russian example. Members of Congress have criticized the IMF for wasting the substantial contributions it has already received from the international community. "The IMF may be an imperfect institution but it's the best institution we have at the present time for dealing with the types of challenges that we confront," said Larson. South Korea's president predicted Monday that his country's contracting economy will resume growth in the latter part of next year. Kim Dae Jung said tax cuts and other pump-priming measures will help resuscitate the domestic economy. "In a

**word, there will be no second financial crisis," Mr. Kim said. "If we continue reform measures as we do now, the economy will pick up later next year."**

**Impact:** IMF assistance leads to economic stability and credibility.

Koussoube, Issa . "CAPE VERDE A SUCCESS STORY" African Development Bank's Regional Department West II, AFRICAN DEVELOPMENT FUND. Nov 2012. Web. 3 Mar 2021. [https://www.afdb.org/sites/default/files/documents/projects-and-operations/cape\\_verde\\_-\\_a\\_success\\_story.pdf](https://www.afdb.org/sites/default/files/documents/projects-and-operations/cape_verde_-_a_success_story.pdf)

These objectives were to be achieved within a stringent fiscal framework. Indeed, **after a brief lapse between 2000 and 2003 due to a fiscal deficit, the Cape Verdean economy rebounded with the assistance of the IMF's Poverty Reduction and Growth Facility. International investors consider Cape Verde as a “safe haven” for investments because of the sustained stable political and social environment as well as policy continuity over time. This macroeconomic stability and policy continuity have contributed to the country's high level of “credibility.**

**Analysis:** The IMF has a mission coupled with a long history of not only helping with economic stability in times of crisis, but also assisting countries in implementing policies that can create long term success in surviving economic fluctuations. They are continually researching and adapting to the changing needs and knowledge from their studies in order to best help countries and ensure the best outcomes in times of crisis.

### PRO: IMF increases trade liberalization

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**Argument:** The IMF works to increase trade liberalization.

**Warrant:** Trade liberalization stimulates international trade and an increase of market capital.

Smith, Nicola. "Liberalization". Britannica.com. 2021. Web. 3 Mar 2021.

<https://www.britannica.com/topic/liberalization>

**Liberalization and deregulation played a central role in stimulating the massive rise in international trade** (which grew at an average rate of 6 percent per annum between 1948 and 1997), **FDI (for which stocks and inflows exceeded the rise in world trade)**, and **foreign exchange and portfolio capital** (with the average daily turnover of foreign exchange markets reaching the trillions of dollars). Liberalization and deregulation are thus both seen to have contributed to the globalization of the world economy.

**Warrant:** The IMF (the Fund) fosters trade liberalization to facilitate balanced growth.

Mühleisen, Martin."Trade Policy Conditionality in Fund-Supported Programs" IMF.org.

16 Feb 2001. Web. 3 Mar 2018.

<https://www.imf.org/external/np/pdr/cond/2001/eng/trade/index.htm#II>

**The Fund, the World Bank, and the World Trade Organization (WTO) share common interests and complementary objectives in the area of trade. Through efforts in their respective areas of competence, they foster the progressive liberalization of trade in goods and services.** The Fund and the Bank approach trade issues from the perspective of economic efficiency and the appropriate design and sequencing of trade reforms within an overall policy framework. **The Fund encourages market-oriented policies to improve the efficiency of resource use within an appropriate macroeconomic**

**framework consistent with a viable external position. It focuses on broad-based reforms to remove the anti-export bias of the trade and exchange regimes and domestic policies. The Fund is mandated to facilitate the expansion and balanced growth of international trade and to make its general resources available to provide members with the opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.** Consequently, the Fund's financial assistance provides an incentive for the recipient country to liberalize its exchange and trade systems in its own interest and in the interest of other members

**Impact:** Results of IMF Trade liberalization increased global GDP 10 percent over 16 years.

Nsouli, Saleh M. "What is the IMF doing to help countries maximize the benefits of globalization?" IMF.org. June 29, 2007. Web. Mar 2021.

<https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp062907>

**"This integration is associated with the liberalization of trade flows and cross-border investment and helps countries converge over time in terms of wealth as well as welfare.** The arguments for the benefits of liberalization are well known; these stem from the improved allocation of resources facilitated by trade and investment flows. **First, the volume of international trade has risen sharply since the 1990s. The ratio of world exports to world GDP has increased from 19 percent in 1990 to 31 percent in 2006. Second, cross-border capital flows have soared. They have jumped from 4 percent of world GDP in 1990 to about 14 percent in 2006. Foreign direct investment flows, within the total, rose from US\$160 billion in 1991 to US\$590 billion in 2006."**

**Impact:** Trade Liberalization helps efficiency and industry growth.

Shafaeddin, S.M. "TRADE LIBERALIZATION AND ECONOMIC REFORM IN DEVELOPING COUNTRIES: STRUCTURAL CHANGE OR DE-INDUSTRIALIZATION?" United Nations Conference on Trade and Development. No. 179. April 2005 . Web. 3 Mar 2021.  
[https://unctad.org/en/docs/osgdp20053\\_en.pdf](https://unctad.org/en/docs/osgdp20053_en.pdf)

**Despite the fact the Brazil did not perform well in the expansion of exports of manufactured goods as a whole, rapid expansion of exports of vehicles and machinery, particularly non-electric, in group IV and “other” items – mainly aircraft in group V – are of an exception and interest. These industries were near the stage of maturity and trade liberalization helped them to become more efficient. The spectacular performance of Brazil’s aerospace industry is in fact an example of the success of “targeting” and “selectivity”; it is also the proof that liberalization can be effective in making an industry competitive when it is near the stage of maturity– as it harms infant industries or inefficient industries subject to prolonged protection.**

**Aerospace is a high technology and skill intensive industry. Although it faced a crisis of competitiveness after the shock of liberalization and privatization, it soon recovered to become the most important exporter of manufactured good of Brazil. The value of exports of Brazilian aircrafts increased from \$182 millions in 1995 to \$1.7 billion in 1999 and \$2.7 billion in 2000. In 1998 Embraer, the Brazilian aircraft manufacturer became the world leader in commuter and regional jet market. If a country can succeed in such an industry, it can succeed in any industry provided the industry enjoys dynamic industrial and trade policies**

**Impact:** Trade liberalization benefits the poor and low income families.

IMF, WTO, and World Bank. "Making Trade an Engine of Growth for All." IMF.org. 23-24 Mar 2017. Web. 3 Mar 2021.

<https://www.imf.org/~/media/Files/Publications/PP/041017joint-wto-wb-imf-trade-paper.ashx>

**Beyond “production-side” benefits, trade also makes a wider variety of goods and services more accessible to consumers at lower prices—a channel that tends to benefit lower-income households in particular.** This section will also touch on some of the wider “non-economic” benefits from trade. **There is a strong “pro-poor” bias in the benefits of lower prices and consumer choice that comes with trade.** Faijgelbaum and Khandelwal (2016) estimate the effect of trade-induced price changes on the real incomes of low-income and high-income households in forty different countries. Relative to a hypothetical situation where countries close off trade altogether, the effect of current levels of trade on prices has a pro-poor bias in all forty countries in their sample (Figure 11). **The pro-poor bias arises because poor consumers spend relatively more on sectors that are more traded** (e.g., food and beverages) **and thus experience larger price drops upon opening to trade.** Higher-income households spend relatively more on less-traded sectors (e.g., some services). 33. These important consumption-side effects of trade extend to certain other groups. **For example, single-parent households—which also typically spend more on tradable goods than households at the top of the income distribution—tend to benefit disproportionately.** The pro-poor bias is stronger in advanced economies like Japan and the United States—opening up to trade reduces the relative prices of the products on which a country is not specialized, and in advanced economies those products happen to be the ones mostly consumed by the poor. Moreover, higher trade openness reduces the incentives to pursue inflationary policies, which are themselves particularly harmful to lower-income households (Romer, 1993).

**Analysis:** Trade Liberalization under the direction of the IMF since the end of WWII has led to trade agreements, opening up of economies, and the ability of developing countries to participate in the global market. Trade liberalization has also led to benefits to the poor and low income families around the world, improving living conditions, reducing inflation, and overall global improvements to market capital and efficiency.

### PRO: IMF increases globalization through trade

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**Argument:** IMF's Globalization benefits the world.

**Warrant:** Globalization has had major impacts on advancing our world.

Rasmussen , Lars Løkke . "Making globalisation work: Better lives for all". OECD.org.

2017. Web. 3 Mar 2021. <https://www.oecd.org/social/making-globalisation-work.htm>

Let's start out by reminding ourselves about what globalisation is. **It is the process of further integration of our economies and societies regarding the exchange of goods, services, capital, people and ideas. This development has been going on for centuries and has accelerated, mainly due to technological progress.** The wave of globalisation since the Second World War has created more opportunities for the people of the world than at any time previously and has lifted more people out of poverty globally than at any other time in history. Life expectancy is rising and literacy levels have never been higher. This is true for both advanced and less advanced economies. There is no doubt that the world today is a much better place than before. Globalisation has provided present generations with more possibilities than that of their parents—my own included. **And the future too looks bright for the vast majority of the global population. In addition, many of the problems we are faced with demand global co-operation—on climate change, poverty reduction, security and migration, for instance.** Actually, to address these issues we will need more globalisation, not less.

**Warrant:** We need globalization that is regulated to ensure effective implementation.

KOICHI HAMADA. "Why We Need Globalization." Project Syndicate. Apr 30, 2018. Web. 3 Mar 2021. <https://www.project-syndicate.org/commentary/why-we-need-globalization-by-koichi-hamada-2018-04>

Overall, however, **the case for globalization, including free trade and at least some openness to migration, is strong, because it increases the total wealth of participating countries. All that is needed to mitigate its weaknesses is effective redistribution policies, including strong social safety nets.**

**Warrant:** The pandemic offers globalization a chance to reset with needed reforms and regulations.

Goldin, Ian. "Why the world needs better - not less – globalization." We Forum. 14 Dec 2020. Web. 3 Mar 2021. <https://www.weforum.org/agenda/2020/12/the-world-is-divided-between-those-for-and-against-globalisation-what-if-we-just-did-it-better/>

**Globalization is the most progressive force in the history of humankind. It has heralded more rapid improvements to more people than any other human intervention.** While COVID-19 has temporarily disrupted some cogs in the chains of moving goods, services, people and – to a lesser extent ideas – that constitutes globalization, it has accelerated others. **The pandemic offers a once-in-a-lifetime opportunity to reset globalization to ensure that the benefits are more widely shared and the threats it compounds – pandemics, climate change, inequality and so on – are greatly reduced.**

**Warrant:** THE IMF's mission is to stabilize, regulate and implement best practices for globalization efforts.

Gopinath, Gita, "Globalization: A Framework for IMF Involvement". IMF.org. March 2002.

<https://www.imf.org/external/np/exr/ib/2002/031502.htm#:~:text=The%20IMF%20seeks%20to%20mitigate,capital%20markets%2C%20while%20reducing%20their>

**"The Bretton Woods Institutions—the IMF and World Bank—have an important role to play in making globalization work better. They were created in 1944 to help restore and sustain the benefits of global integration, by promoting international economic cooperation. Today, they pursue, within their respective mandates, the common objective of broadly-shared prosperity. The World Bank concentrates on long-term investment projects, institution-building, and on social, environmental, and poverty issues. The IMF focuses on the functioning of the international monetary system, and on promoting sound macroeconomic policies as a precondition for sustained economic growth."**

**Warrant:** The IMF and World Bank work together to better globalization.

Köhler, Horst. "Working for a Better Globalization". IMF.org. 15 Sept 2018. Web. 3 Mar 2021. <https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp012802>

In my understanding, the Bretton Woods Institutions—the IMF and World Bank—are part of the workforce to make a better globalization. They were created in 1944 to help restore and sustain the benefits of global integration, by promoting openness, trust, and international cooperation. And despite all the criticisms, if these institutions did not already exist they would need to be invented. They pursue a common objective of promoting broadly-shared prosperity, with a good division of labor and close partnership to increase their joint effectiveness. The World Bank thus concentrates on long-term investment projects, institution-building, and assistance in

dealing with social, environmental, and poverty issues. For its part, **the IMF focuses on the functioning of the international monetary system, and on promoting sound macroeconomic policies as a precondition for sustained growth.** Private capital flows have become the most important source of financing for growth, productivity and job creation. But they can also be a source of volatility and crisis. **This obliges the IMF to help countries take advantage of the opportunities of global capital markets while minimizing the risks, and to work for the stability of the international financial system.**

**Warrant:** IMF Globalization offers benefits that can't be achieved any other way.

KUEPPER, JUSTIN. "The Impact of Globalization on Economic Growth." The Balance. 4 April 2020. Web. 3 Mar 2021. [https://www.thebalance.com/globalization-and-its-impact-on-economic-growth-1978843<sup>1</sup>](https://www.thebalance.com/globalization-and-its-impact-on-economic-growth-1978843)

Some of the **benefits of globalization include:** **Foreign Direct Investment:** Foreign direct investment (FDI) **tends to increase at a much greater rate than the growth in world trade, helping boost technology transfer, industrial restructuring, and the growth of global companies.** Technological Innovation: **Increased competition from globalization helps stimulate new technology development,** particularly with the growth in FDI, **which helps improve economic output by making processes more efficient.<sup>3</sup>**

Economies of Scale: **Globalization enables large companies to realize economies of scale that reduce costs and prices, which in turn supports further economic growth.**

**Warrant:** The IMF promotes global economic stability and growth.

IMF Editorial Staff. "How the IMF Promotes Global Economic Stability". IMF.org. 25 Mar 2020. Web. 3 Mar 2021.  
<https://www.imf.org/en/About/Factsheets/Sheets/2016/07/27/15/22/How-the-IMF-Promotes-Global-Economic-Stability>

**Promoting economic stability is partly a matter of avoiding economic and financial crises, large swings in economic activity, high inflation, and excessive volatility in foreign exchange and financial markets. Instability can increase uncertainty, discourage investment, impede economic growth, and hurt living standards.** A dynamic market economy necessarily involves some degree of volatility, as well as gradual structural change. **The challenge for policymakers is to minimize instability in their own country and abroad without reducing the economy's ability to improve living standards through rising productivity, employment, and sustainable growth.** Economic and financial stability is both a national and a multilateral concern. As recent financial crises have shown, economies have become more interconnected. Vulnerabilities can spread more easily across sectors and national borders.

**Impact:** Globalization leads to reduction of poverty.

Chandy, Laurence and Gertz, Geoffrey . "With Little Notice, Globalization Reduced Poverty" Yale Global. July 5, 2011. Web. 3 Mar 2021.

<https://yaleglobal.yale.edu/content/globalization-reduced-poverty>

In a new study of global poverty, we upend this narrative. By combining the most recent country survey data of household consumption with the latest figures on private consumption growth, we generated global poverty estimates from 2005 up to the present day. **Poverty reduction accelerated in the early 2000s at a rate that has been sustained throughout the decade, even during the dark recesses of the financial crisis.** Today, we estimate that there are approximately 820 million people living on less than \$1.25 a day. This means that the prime target of the Millennium Development Goals – to halve the rate of global poverty by 2015 from its 1990 level – was probably achieved around three years ago. Whereas it took 25 years to reduce poverty by half a billion people up to 2005, the same feat was likely achieved in the six years between

then and now. Never before have so many people been lifted out of poverty over such a brief period of time. These factors are manifestations of a set of broader trends – the rise of globalization, the spread of capitalism and the improving quality of economic governance – which together have enabled the developing world to begin converging on advanced economy incomes after centuries of divergence. The poor countries that display the greatest success today are those that are engaging with the global economy, allowing market prices to balance supply and demand and to allocate scarce resources, and pursuing sensible and strategic economic policies to spur investment, trade and job creation. It's this potent combination that sets the current period apart from a history of insipid growth and intractable poverty.

**Impact:** Globalization is a net positive.

Gopinath, Gita, Parker, Ceri. "An economist explains the pros and cons of globalization".

We Forum. 11 Apr 2019. Web. 3 Mar 2021.

<https://www.weforum.org/agenda/2019/04/an-economist-explains-the-pros-and-cons-of-globalization-b2f0f4ae76/>

Overall, what are the advantages of globalization? The advantages of globalization are actually much like the advantages of technological improvement. They have very similar effects: **they raise output in countries, raise productivity, create more jobs, raise wages, and lower prices of products in the world economy.** What might be the advantages of globalization that someone would feel in their day-to-day life? I think something that's not sufficiently appreciated about, for instance, **international trade is that it reduces the prices of goods that they consume. So if you look at day-to-day things that you purchase, in terms of washing machines, or cars, or even clothing, because of international trade we've had a decline in prices of these goods, so they have become far more affordable for a lot of people in the world.** How have the benefits played out in advanced economies versus poorer ones over the last three decades? **Both advanced economies and developing economies have benefited overall**

in terms of having higher productivity, more job creation, and higher wages. As we've always known, and this is true again with technology, there are always some winners and losers. So there are communities and there are workers who lose out when there is more trade integration. That is what we're seeing right now in terms of discontent with international trade. Is it possible as an economist to come up with a verdict? Has this wave of globalized trade been a net positive or a net negative? If you say, I'm going to look at **it from a measure of overall effect on a country's income, on its purchasing power, on the prices that its people pay, overall I think the evidence that we have all points to it being a net positive.**

**Impact:** The IMF improves public health.

Gupta, Sanjeev; Shang, Baoping. "Public Spending on Health Care under IMF-Supported Programs". IMF. MARCH 9, 2017. <HTTPS://BLOGS.IMF.ORG/2017/03/09/PUBLIC-SPENDING-ON-HEALTH-CARE-UNDER-IMF-SUPPORTED-PROGRAMS/>

**A number of studies have found that IMF support for countries' reforms, on average, either preserve or increase public health spending (see box). One study finds that the effect of IMF programs is considerable—they increase public health spending by about 1 percent of GDP over a 5-year period. The reforms implemented under the programs are essential to put the economies of these countries on an even keel. Without reforms, a country's economy could collapse, along with its public healthcare system.**

While one recent study suggests a few ways in which IMF support may impede spending on public health, their impact is offset by other important factors through which **the IMF's support for a country positively affects public health spending.** Here is a closer look at the different ways IMF support to a country in crisis can help it get back on its feet, and fund social protection programs like health care: Higher long-term economic growth. **Economic and financial stability promoted in IMF-supported programs can help governments raise revenue to finance health care.** More donor support. **IMF support can help countries receive more financing from other donors, which increases**

**the resources available to finance priority spending on health and other social programs.** There are other ways the IMF can help a country in a crisis with health spending. For example, **the recent experience of the countries affected by the Ebola epidemic—Guinea, Liberia, and Sierra Leone—shows the positive influence of IMF financial support.** Since September 2014, the IMF has provided emergency financial assistance to the three countries totaling US\$378 million, to help respond to the Ebola outbreak. The IMF's response helped the governments' make room in their budgets, which is crucial to boost health spending, and provided a catalytic role vis-à-vis donors, whose assistance was largely directed at health spending. There is certainly still room to improve the design of IMF support to countries in crisis. **When it comes to public health, the empirical evidence generally points to positive outcomes.**

**Impact:** IMF globalization benefits the poor.

Rudra , Nita; Tobin, Jennifer. "When Does Globalization Help the Poor? Annual Review of Political Science 2017 20:1, 287-307. Web. 3 Mar 2021.  
<https://www.annualreviews.org/doi/full/10.1146/annurev-polisci-051215-022754>

**At the heart of nearly every economic and political science study of economic globalization and poverty is the classical HOS theory of international trade. This model predicts that the poor in labor-rich developing countries will be better off with economic openness in the long run. Trade openness in a country with a comparative advantage in unskilled labor (most developing countries) is expected to lead to an increase in the price of the unskilled-labor-intensive good. This will, in turn, lead to higher employment and real wage benefits to unskilled labor, resulting in higher earnings for the poor and a reduction in wage inequality.** Economic liberalization, theoretically, also lowers the price of imported goods, increasing the real incomes of the poor.<sup>3</sup> In general, HOS suggests that increased openness in countries with a relative

abundance of labor **will increase global demand for those labor-intensive goods, decrease the price of consumption goods, and therefore increase the real income of workers** (Mundell 1957, Reuveny & Li 2003, Grossman & Rossi-Hansberg 2008). Many scholars argue that this model can also be applied to FDI because firms often invest abroad to acquire resources unavailable in the home country, such as low-cost labor (Yeaple 2003, TeVelde & Morrissey 2004, Bellak et al. 2008).

**Analysis:** IMF's promotion and development of globalization efforts have improved the stabilization of economies, reduced poverty, and overall have been a net positive. The need of the IMF is even more necessary to help with the efforts to improve regulation, moderation and recovery in our expanding interconnected world post pandemic.

### PRO: IMF advocates for women's empowerment.

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**Argument:** The International Monetary Fund empowers women.

**Warrant:** Women empowerment improves economies but is still hindered by various elements globally.

Fischman, Shane; Wong, Leah "Women's Economic Empowerment". University of Pennsylvania, Law. 25 Jan 2018. Web. 3 March 2021.  
<https://www.law.upenn.edu/live/files/9464-womens-economic-empowerment>

**"Women economic empowerment is one of the world's most promising areas of investment".** So said Lakshimi Puri, the UN Women Deputy Executive Director at the Global Conference on Women and Entrepreneurship in Hangzhou, China in 2017. "Gender", Canadian Prime Minister Trudeau similarly proclaimed, "is a fundamental economic issue." **Yet the roadblocks women face in financing their entrepreneurial endeavors are cavernous. The near impossibility of maintaining a business without access to capital is well-documented, and women disproportionately face these financial challenges.** The World Bank estimates that seventy percent of formal, women-owned Small and Medium Enterprises (SMEs) face severe barriers in obtaining capital for their businesses. This includes being formally barred from borrowing funds or failing to secure sufficient funds to match their needs, resulting in an astonishing \$300 million annual credit deficit for Women owned SMEs globally. Statistics also point to the positive impact women owned businesses have on the social value of their countries and how they fuel social change and economic expansion. **Financially successful women are more likely to own their own businesses than their male counterparts, and their businesses are more likely to be fueled by personal passion: women are 1.17 times more likely to found a business venture that doubles as a social venture, and 1.23 times more likely to create an environmental business.**

**Warrant:** Women's economic empowerment leads to sustained development as well as gender equality.

OECD/World Trade Organization (2019), "Emerging lessons from aid for trade in support of women's economic empowerment", in Aid for Trade at a Glance 2019: Economic Diversification and Empowerment, OECD Publishing, Paris.  
<https://www.oecd-ilibrary.org/docserver/13b384c5-en.pdf?expires=1614783427&id=id&accname=guest&checksum=CE452C26FCB6673583A9DAB343AD938D>

**Women's economic empowerment has been recognised as one of the key drivers of sustainable development and gender equality (Ferrant 2011; Cuberes, Teigner 2016; Gonzalez et al 2015; Ostry et al 2014; World Bank 2012; Knowles et al 2002). Studies indicate that if women have more control over household resources, it leads to greater investment in health and education. Furthermore, it results in higher and more sustainable levels of growth.**

**Warrant:** Women's empowerment, especially economically, needs more than investment and education.

Eyerusalem, Siba. "Empowering women entrepreneurs in developing countries: Why current programs fall short." Brookings. 15 February 2019. Web. 3 Mar 2021.  
<https://www.brookings.edu/research/empowering-women-entrepreneurs-in-developing-countries/>

**Thus, a successful women's economic empowerment intervention needs more than only access to financial capital and hard business skills. More importantly, men and women entrepreneurs face inherently different constraints including psychological and cultural factors. Female entrepreneurs are often lacking in access to financial and**

human capital,<sup>[6]</sup> which impedes business growth; have different mindset constraints, such as risk-aversion; and have not caught up in soft skills, such as leadership. In addition, **women have culturally-imposed constraints that psychologically and physically impede their independence, aspiration, and priorities.** Thus, the success of female entrepreneurs depends on their personal traits and entrepreneurial skills, and how supportive institutions and stakeholders address or work around these major constraints.

**Warrant:** The IMF Invests in women's economic empowerment research and recognition.

Brodsky, Sarah. "Women's Economic Empowerment at the Forefront of International Financing." Impactive. January 23, 2018. Web.  
<https://www.theimpactivate.com/womens-economic-empowerment-at-the-forefront-of-international-financing/>

Recognizing the high cost of gender inequality both in individuals' lives and in national economies, international organizations have begun working to address the problem. **The IMF has made gender equity the focus of recent conferences, including its conference on gender and macroeconomics and its conference on fiscal policy and gender equality. These events publicize the results of the organization's research on the subject, such as its project on gender budgeting conducted in partnership with the United Kingdom's Department for International Development.** This work evaluates the use of national fiscal policy to actively promote women's economic development, surveying countries' policies and their effects on women's participation in the labor force. **But the IMF's work extends beyond academia. On social media, the organization has created the #IMFGender campaign to publicize stories of women who are striving for empowerment through entrepreneurship, economic development, and other initiatives.**

**Impact:** The IMF finances countries along with attached, education, advice, and requirements to change.

Katja Iversen. "An Economic No-Brainer: Empower Women, Empower Economies." Women Deliver. 10 December 2018. Web. 3 Mar 2021  
<https://womendeliver.org/2018/an-economic-no-brainer-empower-women-empower-economies/>

**Research further reveals that when women have access to financial services, economic growth booms – creating a ripple effect benefitting entire families, communities, and countries, across generations. Evidence like this forms the basis for the International Monetary Fund's (IMF) commitment to identify the case for investing in programs and policies that prioritize girls and women.** Now, the IMF is releasing several new reports to further demonstrate, and call for, strengthening women's economic participation and leadership within sectors. It isn't just the right thing to do, it's the smart thing to do with significant social and economic returns on investment. **An economy should work for women—helping, not hindering.** As well as conducting research in these areas, **the IMF has increasingly taken gender considerations into account in our policy advice, programs, and capacity development.** For example, since 2015 we have actively incorporated gender analysis and advice in 39 of our annual economic health-checks with member countries, known as Article IV consultations. We are now moving to incorporate gender analysis and advice into broader country work. IMF-supported programs have contained measures to help empower women economically. With the Jordanian authorities, for instance, we have discussed reforms to help women including more flexible working hours, greater access to childcare, and more efficient and affordable public transport. Under its IMF-supported program, the Egyptian government has increased funding for public nurseries and other facilities to help women seeking work.

**Impact:** IMF committed to women's empowerment based on studies showing continued gender gaps in pay and labor force.

Shalal, Andrea" 'Buckle up.' New IMF chief vows 'relentless' focus on gender equality".

Reuters. 15 Oct 2019. Web. 3 Mar 2021. <https://www.reuters.com/article/us-imf-economy-women/buckle-up-new-imf-chief-vows-relentless-focus-on-gender-equality-idUSKBN1WU32H>

Georgieva lauded a new IMF working paper on unpaid labor, which showed that **women do an average of 2.7 more hours of childcare, housecleaning and other unpaid work per day than men. The study showed the gender gap in unpaid hours had narrowed in advanced economies, but traditional gender imbalances remained in most countries. Even in Norway, one of the most egalitarian countries in the study, women did 20% more unpaid work than men, while in Pakistan they did 1,000% more**, Georgieva said. If such work were included in calculations of gross domestic product, it would boost economic output by as much as 35% worldwide, Georgieva said. **Individual countries could boost GDP significantly by getting more women into the workforce.** The study showed that reducing constraints to women's paid work could boost economic output significantly, the study found. **Georgieva underscored what she called her "relentless" commitment to addressing gender inequality and using the fund's budgeting instruments and other tools to help countries reduce barriers to women in the paid labor force. "There is no way for any society to prosper without tapping into the talent of all its people – men and women. It's very simple, if you ignore part of your capabilities, you ... come up short in terms of economic achievements,"** she said.

**Impact:** IMF recommendations/policies will help countries recover from the worsening gender inequality brought about by COVID-19.

Tavares, Marina M. "This is how COVID-19 is worsening the gender gap, according to the IMF". We Forum. 27 Jul 2020. Web. 3 Mar 2021.

<https://www.weforum.org/agenda/2020/07/covid-19-gender-gap-economic-change-gender-parity-equality-coronavirus>

**It is crucial that policymakers adopt measures to limit the scarring effects of the pandemic on women. This could entail a focus on extending income support to the vulnerable, preserving employment linkages, providing incentives to balance work and family care responsibilities, improving access to health care and family planning, and expanding support for small businesses and the self-employed. Elimination of legal barriers against women's economic empowerment is also a priority.** Some countries have moved quickly to adopt some of these policies. **Over the longer term, policies can be designed to tackle gender inequality by creating conditions and incentives for women to work.** As discussed in a recent blog, **particularly effective are gender-responsive fiscal policies, such as investing in education and infrastructure, subsidizing childcare, and offering parental leave.** These policies are not only crucial to lift constraints on women's economic empowerment, they are necessary to promote an inclusive post-COVID-19 recovery.

**Impact:** Women's empowerment in several areas has increased due to the help of the IMF.

Stefania Fabrizio. "PURSUING WOMEN'S ECONOMIC EMPOWERMENT. Meeting of G7 Ministers and Central Bank Governors, June 1-2, 2018." IMF.org. May 2018. Web. 3 March 2021.

<https://www.imf.org/~/media/Files/Publications/PP/2018/pp053118pursuing-womens-economic-empowerment.ashx>

**Over the past three decades, there has been a steady decline in gender differences in school enrollment across all regions. Between 1990 and 2015, gender gaps in primary school enrollment have largely closed, although three regions still have not achieved**

parity (Africa, Middle East and Central Asia, and Western Hemisphere). Furthermore, progress has been made in reducing gaps in secondary school enrollment. Asia and the Pacific now have gender parity in secondary education—particularly impressive given that just 65 females were enrolled for every 100 males in the region in the early 1980s. In Africa and in the Middle East and Central Asia, about 35 more girls are now enrolled in secondary education per 100 boys than in the early 1980s. However, gaps in the two regions remain. Women are now more likely than men to be enrolled in tertiary education in all regions except Africa (Figure 5).

**The risk of maternal death has declined in all regions over the past three decades.**

Looking at trends in maternal mortality ratios from 1980 to 2014 by region, sub-Saharan Africa has the highest rate of mortality, but the rate now stands at half that in 1980. Asia and the Pacific and the Middle East and Central Asia also achieved a significant decline in the maternal mortality ratio, while the decline in the Western Hemisphere was gradual and remains slightly higher than in Europe. • Similarly, adolescent fertility rates—the number of births per 1,000 women ages 15 to 19—have declined in all regions from 1980 to 2014, with sub-Saharan Africa having the highest average rate. High fertility rates are associated with less economic activity by women. In particular, high adolescent fertility rates prevent girls from going to school thereby increasing gender gaps in education. Subsequently, these girls may remain out of the labor market altogether or enter the labor market with a low skill level, exacerbating gender gaps in economic participation and wages. Concerning gender inequality of outcomes, gaps in labor force participation have been decreasing, and wage gaps have narrowed in many countries. There has also been progress in increasing female representation in political and corporate leadership positions. However, labor force participation rates, wages, and representation in parliament remain well below parity in all regions

**Analysis:** Women's empowerment is a vital and expanding part of the global economy, not just for economic health, but in education, health, and political aspects. IMF's policies to improve economics for countries through financing of programs, along with advice on reforms, budgets,

and social issues have garnered slow but steady advancements in gender equity. Renewed commitments, studies and understanding of the issue, are informing new paths forward for the IMF to help countries empower their women more so that they become a part of the progress their countries can make together. Without the crucial research, policies and a commitment to reform that goes with the IMF funding, women empowerment would not be where it is today, and still needs that support moving forward.

### PRO: IMF helps climate finance

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**Argument:** The IMF provides member nations with resources and loans to help with climate change adaptation. Climate change is an existential threat to humanity and so this is quite a large impact.

**Warrant:** The IMF helps countries with climate change economic research

“Topics: Climate change.” International Monetary Fund (IMF). February, 16 2019.

<https://www.imf.org/en/Topics/climate-change>

“Climate change presents a major threat to long-term growth and prosperity, and it has a direct impact on the economic wellbeing of all countries. **The IMF has a role to play in helping its members address those challenges of climate change for which fiscal and macroeconomic policies are an important component of the appropriate policy response. The Fund publishes research on economic implications of climate change and provides policy advice to our membership to help them capture the opportunities of low-carbon, resilient growth..”**

**Warrant:** IMF Research helps nations with all parts of climate change a

“Topics: Climate change.” International Monetary Fund (IMF). February, 16 2019.

<https://www.imf.org/en/Topics/climate-change>

**“Our Policy Guidance Relates to:** 1. **Mitigation:** including advice on measures to contain and reduce emissions through policies—such as increasing carbon taxes, reducing fuel subsidies and improving regulation—and providing tools to help countries achieve their Nationally Determined Contributions. 2. **Adaptation:** including guidance on building financial and institutional resilience to natural disasters and extreme weather events,

and infrastructure investments to cope with rising sea levels and other warming-related phenomena. 3. **Transition to a low-carbon economy:** including updates to financial sector regulation to cover climate risks and exposure to “brown” assets, as well as measures to help countries diversify economies away from carbon intensive industries while mitigating the social impact on affected communities.”

**Warrant:** The IMF helps countries with crucial climate change finance projects

Research Staff of the IMF. “Climate, Environment, and the IMF” The International Monetary Fund. IMF Factsheet. October 2017.

<https://www.imf.org/~/media/Files/Factsheets/English/Climate.ashx>

“On climate finance, **IMF work emphasizes the crucial role of carbon pricing in effectively mobilizing private and public sources of finance, including charges for international aviation and maritime emissions. On green finance, IMF staff has provided input for the G20 Green Finance Study Group, with a focus on implications of green finance for the cost of capital, employment, and growth. On financial sector resilience, IMF staff supports initiatives that encourage consistent climate-related disclosures, prudential requirements, and stress testing** (e.g., designing disclosure rules for climate risk exposure, developing best practices for stress testing climate risks, supporting work on globally consistent prudential requirements for the insurance sector, and capacity building for developing markets and instruments to manage climate risks).”

**Warrant:** The IMF helps states with climate adaptation

Research Staff of the IMF. “Climate, Environment, and the IMF” The International Monetary Fund. IMF Factsheet. October 2017.

<https://www.imf.org/~/media/Files/Factsheets/English/Climate.ashx>

**"On climate adaptation, the IMF is helping small states and other countries enhance their macroeconomic disaster risk management frameworks, determine the appropriate combination of building buffers and risk transfer via insurance or financial market instruments, and tailor investment and growth to build resilience. 'Climate Change Policy Assessments' have been conducted for Seychelles and St. Lucia, in collaboration with the World Bank."**

**Warrant:** IMF papers have helped with difficult implementation questions around green finance

Research Staff of the IMF. "Climate, Environment, and the IMF" The International Monetary Fund. IMF Factsheet. October 2017.

<https://www.imf.org/~/media/Files/Factsheets/English/Climate.ashx>

**"Earlier IMF papers lay out core principles of green tax design and focus on case studies for Chile and Mauritius. A 2014 IMF report (covering over 150 countries) estimates taxes on fossil fuels to reflect pollution and other environmental damage associated with energy use. It also underscores the large environmental, health, and fiscal benefits from tax reform and the critical role finance ministers can play in tax administration and efficient use of revenues. A 2015 IMF paper and accompanying spreadsheet tool put the magnitude of subsidies for fossil fuel energy sources at \$5.3 trillion worldwide in 2015, including both direct fiscal costs and implicit subsidies from the failure to charge for environmental damages or to tax energy at the same rate as other consumption products."**

**Analysis:** This argument is compelling because of the massive impacts associated with global warming. Tell the judge up-front that global warming is the biggest impact in the round because it will affect billions of people and spans the entirety of economic, social and political issues in the world.

### PRO: IMF helps global poverty reduction

**Argument:** The IMF, as a global financial institution, has programs such as loans and grants which allow developing countries to lift many people out of poverty.

**Warrant:** The IMF has a variety of poverty reduction programs

"Poverty Reduction Program Factsheet." International Monetary Fund (IMF). February, 16 2019. <https://www.imf.org/en/About/Factsheets/IMF-Support-for-Low-Income-Countries>

**"How does the IMF support LICs?** Surveillance activities involve the continuous monitoring of members' economic and financial policies. Discussions with country authorities focus on how their economic policies affect stability and explore desirable policy adjustments. Capacity-building activities focus largely on how LICs can boost domestic revenues, manage public finances and monetary policy, regulate the financial system, and develop statistical systems to help them implement sound policies and good practices, as well as progress toward the United Nations' Sustainable Development Goals.."

**Warrant:** IMF Programs have a built-in poverty reduction focus

"Poverty Reduction Program Factsheet." International Monetary Fund (IMF). February, 16 2019. <https://www.imf.org/en/About/Factsheets/IMF-Support-for-Low-Income-Countries>

**"Poverty reduction and growth strategies are used in IMF-supported programs to (1) link proposed program policies with the member's poverty reduction and growth objectives, (2) preserve national ownership of the poverty reduction strategy process,**

and (3) provide flexibility in scope and coverage to reflect particular country circumstances. These documents are required for completion of reviews under IMF-supported programs under the ECF, and also those under the SCF and PSI with an initial duration of more than two years. Reaching the Heavily Indebted Poor Country decision or completion points also requires meeting Poverty Reduction Strategy requirements. IMF work on poverty reduction issues draws heavily on World Bank expertise and advice.”

**Warrant:** The IMF helps countries avoid being thrown into poverty by natural disasters

“Poverty Reduction Program Factsheet.” International Monetary Fund (IMF). February, 16 2019. <https://www.imf.org/en/About/Factsheets/IMF-Support-for-Low-Income-Countries>

**“In February 2015, the IMF repurposed the Post-Catastrophe Debt Relief Trust, into the Catastrophe Containment and Relief Trust. Under the new trust the IMF can join international debt relief efforts for poor countries hit by the most catastrophic of natural disasters.** It can also assist countries battling public health disasters—such as infectious disease epidemics—with grants for debt service relief. **Three Ebola-afflicted countries (Guinea, Liberia, Sierra Leone) received such assistance, totaling about \$100 million in February and March 2015.** Further, annual and cumulative access limits under the RCF are higher for cases of large natural disasters (with assessed damages of 20 percent of GDP or more) than for other RCF lending”

**Warrant:** IMF helped India alleviate poverty

Tim Callen, Patricia Reynolds, and Christopher Towe. “India at the Crossroads: Sustaining Growth and Reducing Poverty” The IMF. Jan 2001.  
<https://www.imf.org/external/pubs/nft/2001/crossrds/index.htm>

**“Much of India's economic strength during the early and mid-1990s can be ascribed to the broad-ranging fiscal and structural reforms undertaken following the 1991 balance of payments crisis. These included reforms to the tax system, substantial cuts in the deficit of the consolidated public sector, liberalization and deregulation in the industrial sector, trade and tariff reforms, and measures to recapitalize and strengthen the supervision of banks and other financial intermediaries. These policies helped spur a strong recovery, with real GDP growth accelerating to an average of 7½ percent in the mid-1990s from as low as ½ of 1 percent at the beginning of the decade.”**

**Warrant:** India subsequently avoided further balance of payments crises

Tim Callen, Patricia Reynolds, and Christopher Towe. “India at the Crossroads: Sustaining Growth and Reducing Poverty” The IMF. Jan 2001.

<https://www.imf.org/external/pubs/nft/2001/crossrds/index.htm>

**“Following the 1991 crisis, India's balance of payments also strengthened. Indeed, in the latter half of the decade, despite the effect of the regional crisis on merchandise exports, the current account deficit began narrowing. The deficit fell to less than 1 percent of GDP in FY1999/00, partly reflecting the impact of India's growing exports of information technology (IT)-related services. Although inward portfolio and foreign direct investment were hurt by the erosion of international market sentiment in 1997 and 1998, other private inflows were maintained, and with the recovery in international investor sentiment in FY1999/00, India's foreign exchange reserves reached \$38 billion by March 2000, a gain of almost \$12 billion from three years earlier.”**

**Analysis:** This argument is simple and compelling. The IMF helps countries by providing them loans and assisting them in liberalizing their economies. The combination of these effects is to reduce poverty. The IMF helped India get through a balance of payments crisis and open up its markets, and India has benefited tremendously.

## PRO: IMF helps with anticorruption

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**Argument:** Loans from the international monetary fund come with conditions relating to good governance. Good governance helps the people receiving the loans.

**Warrant:** IMF loan conditions are successful at introducing governance reforms

"Alberto Paloni, University of Glasgow. "Structural Adjustment and Growth in Sub-Saharan Africa: The Importance of Complying with Conditionality". University of Chicago Press. 2001. <http://www.jstor.org/stable/10.1086/452512>

"How does the experience of countries in other parts of the world relate to the findings in this article? In Latin America and the Caribbean, many countries have undertaken ambitious programs of stabilization and structural reforms since the late 1980s. These reforms have sparked heated debates on two issues: one is whether the growth performance of these countries has fallen short of expectations; the other concerns the relative benefits from different reforms.<sup>44</sup> **In this respect, many would generally agree that some of the structural reforms—such as the liberalization of trade, tax reforms, the reform of the pension system, privatization, and so on—have on the whole been quite successful.** However, it has also been argued that the policies associated with macroeconomic stabilization programs have caused unnecessarily severe recessions.<sup>45</sup>."

**Warrant:** The welfare of the poor has thus improved because of loan conditions

Jonathan E. Sanford, American Journal of Economics and Sociology,  
<http://www.jstor.org/stable/3486469>

**"Measures of inequality and poverty are even more scarce for Africa than for Latin America, but several studies of African cases have reported a similarly positive relationship between the living conditions of the poor and the extent of structural adjustment.** In particular, studies by David E. Sahn (1994, 1996) have concluded that adjustment has contributed to both declining poverty and inequality. In the most general terms, his argument is that adjustment has led to marginal improvements in the real income of the poor (Sahn, 1994:289), primarily through boosting earnings to agricultural producers. As with the data on Latin America, these conclusions remain tentative and are contested."

**Warrant:** The IMF takes governance into account when administering financial assistance to poor countries

Research Staff of the IMF. "The IMF and Good Governance" The International Monetary Fund. IMF Factsheet. March 3, 2020.

<https://www.imf.org/en/About/Factsheets/The-IMF-and-Good-Governance>

**"Because poor governance is clearly detrimental to economic activity and welfare, the IMF adopted in 1997 a policy on how to address economic governance, embodied in the Guidance Note " The Role of the IMF in Governance Issues." To further strengthen the implementation of this policy, the IMF adopted in 2018 a new Framework for Enhanced Engagement on Governance. The framework aims to promote more systematic, effective, candid, and evenhanded engagement with member countries regarding governance vulnerabilities—including corruption—that are critical to macroeconomic performance."**

**Warrant:** The 2008 crisis has made the IMF incredibly relevant

Research Staff of the IMF. "The IMF and Good Governance" The International Monetary Fund. IMF Factsheet. March 3, 2020.

<https://www.imf.org/en/About/Factsheets/The-IMF-and-Good-Governance>

**"The IMF works with its member countries to promote good governance and combat corruption. In its surveillance, lending, and technical assistance, the IMF covers economic governance issues that fall within its mandate and expertise, concentrating on issues likely to have a significant impact on macroeconomic performance and the country authorities' ability to pursue sound economic policies.** In doing so, the IMF stresses evenhandedness across its member countries and collaborates closely with other multilateral institutions. IMF surveillance involves annual reviews of countries' economic policies, carried out through Article IV consultations . In the process, staff may discuss economic consequences arising from poor governance and advise on reforms to strengthen governance and fight corruption."

**Warrant:** The IMF good governance programs tackle a wide range of initiatives

Research Staff of the IMF. "The IMF and Good Governance" The International Monetary Fund. IMF Factsheet. March 3, 2020.

<https://www.imf.org/en/About/Factsheets/The-IMF-and-Good-Governance>

**"Good governance is also promoted via IMF-supported programs—economic measures and reforms supported by IMF financial assistance. When warranted, specific measures to strengthen governance may become part of the program's conditionality. Many of the structural conditions in IMF-supported programs focus on improving governance and reducing vulnerabilities to corruption. This includes strengthening public expenditure controls; publishing audited accounts of government agencies, central banks, and state enterprises; making revenue administration less discretionary; increasing the transparency of natural resource management;**

enhancing bank supervision; reforming regulatory frameworks to reduce the scope for bribes; strengthening anti-money laundering measures; and fortifying anti-corruption legal frameworks, such as asset declaration requirements for senior government officials.”

**Analysis:** Weigh this argument by saying that good governance is a prerequisite to economic growth and poverty reduction.

### PRO: IMF helps alleviate economic crises

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**Argument:** The IMF provides member nations with resources and loans to help with climate change adaptation. Climate change is an existential threat to humanity and so this is quite a large impact.

**Warrant:** The IMF helps countries with climate change economic research

“Topics: Climate change.” International Monetary Fund (IMF). February, 16 2019.

<https://www.imf.org/en/Topics/climate-change>

“Climate change presents a major threat to long-term growth and prosperity, and it has a direct impact on the economic wellbeing of all countries. **The IMF has a role to play in helping its members address those challenges of climate change for which fiscal and macroeconomic policies are an important component of the appropriate policy response. The Fund publishes research on economic implications of climate change and provides policy advice to our membership to help them capture the opportunities of low-carbon, resilient growth..”**

**Warrant:** IMF Research helps nations with all parts of climate change a

“Topics: Climate change.” International Monetary Fund (IMF). February, 16 2019.

<https://www.imf.org/en/Topics/climate-change>

**“Our Policy Guidance Relates to:** 1. **Mitigation:** including advice on measures to contain and reduce emissions through policies—such as increasing carbon taxes, reducing fuel subsidies and improving regulation—and providing tools to help countries achieve their Nationally Determined Contributions. 2. **Adaptation:** including guidance on building financial and institutional resilience to natural disasters and extreme weather events,

and infrastructure investments to cope with rising sea levels and other warming-related phenomena. 3. **Transition to a low-carbon economy:** including updates to financial sector regulation to cover climate risks and exposure to “brown” assets, as well as measures to help countries diversify economies away from carbon intensive industries while mitigating the social impact on affected communities.”

**Warrant:** The IMF helps countries with crucial climate change finance projects

Research Staff of the IMF. “Climate, Environment, and the IMF” The International Monetary Fund. IMF Factsheet. October 2017.

<https://www.imf.org/~/media/Files/Factsheets/English/Climate.ashx>

“On climate finance, **IMF work emphasizes the crucial role of carbon pricing in effectively mobilizing private and public sources of finance, including charges for international aviation and maritime emissions. On green finance, IMF staff has provided input for the G20 Green Finance Study Group, with a focus on implications of green finance for the cost of capital, employment, and growth. On financial sector resilience, IMF staff supports initiatives that encourage consistent climate-related disclosures, prudential requirements, and stress testing** (e.g., designing disclosure rules for climate risk exposure, developing best practices for stress testing climate risks, supporting work on globally consistent prudential requirements for the insurance sector, and capacity building for developing markets and instruments to manage climate risks).”

**Warrant:** The IMF helps states with climate adaptation

Research Staff of the IMF. “Climate, Environment, and the IMF” The International Monetary Fund. IMF Factsheet. October 2017.

<https://www.imf.org/~/media/Files/Factsheets/English/Climate.ashx>

**"On climate adaptation, the IMF is helping small states and other countries enhance their macroeconomic disaster risk management frameworks, determine the appropriate combination of building buffers and risk transfer via insurance or financial market instruments, and tailor investment and growth to build resilience. 'Climate Change Policy Assessments' have been conducted for Seychelles and St. Lucia, in collaboration with the World Bank."**

**Warrant:** IMF papers have helped with difficult implementation questions around green finance

Research Staff of the IMF. "Climate, Environment, and the IMF" The International Monetary Fund. IMF Factsheet. October 2017.

<https://www.imf.org/~/media/Files/Factsheets/English/Climate.ashx>

**"Earlier IMF papers lay out core principles of green tax design and focus on case studies for Chile and Mauritius. A 2014 IMF report (covering over 150 countries) estimates taxes on fossil fuels to reflect pollution and other environmental damage associated with energy use. It also underscores the large environmental, health, and fiscal benefits from tax reform and the critical role finance ministers can play in tax administration and efficient use of revenues. A 2015 IMF paper and accompanying spreadsheet tool put the magnitude of subsidies for fossil fuel energy sources at \$5.3 trillion worldwide in 2015, including both direct fiscal costs and implicit subsidies from the failure to charge for environmental damages or to tax energy at the same rate as other consumption products."**

**Analysis:** This argument is compelling because of the massive impacts associated with global warming. Tell the judge up-front that global warming is the biggest impact in the round because it will affect billions of people and spans the entirety of economic, social and political issues in the world.

### PRO: IMF reduces food insecurity

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**Argument:** The IMF is important to reducing food insecurity which continues to be a leading contributor to deaths globally.

**Warrant:** Huge amounts of people worldwide experience food insecurity

Jerome Delay, 7-15-2020, "2 Billion People Faced Food Insecurity Worldwide in 2019:

UN Report," Global Citizen. 15 Jul. 2020. Web, 6 Mar. 2021.

<https://www.globalcitizen.org/en/content/state-of-food-security-and-nutrition-report-2020/>

**An estimated 746 million people suffered from severe food insecurity in 2019 — an increase of 60 million from 2014, when global hunger rates began to climb for the first time in decades — according to the United Nations' The State of Food Security and Nutrition in the World 2020 report released Tuesday. Factoring in the additional 16% of the global population that experienced moderate food insecurity, or the lack of access to sufficient or nutritious food, the report estimates that a total of 2 billion people suffered from food insecurity in 2019.**

The report shows that the world is far from achieving Sustainable Development Goal 2 of ending world hunger by 2030, estimating that 840 million people will face severe food insecurity by the end of the decade, a sobering forecast of the inability of political leaders to address this urgent humanitarian crisis, even as the world produces enough food to feed everyone a nutritious diet.

**Warrant:** Food insecurity will continue to be a persistent issue

IMF Study. 06-03-2008. "IMF Helping Countries Respond to the Food Price Crisis."

International Monetary Fund. 3 Jun. 2008. Web. 06 Mar. 2021.

<https://www.imf.org/en/News/Articles/2015/09/28/04/53/sonew060308a>

**According to a report issued on May 29 by the United Nations Food and Agriculture Organization (FAO) and the Organization for Economic Cooperation and Development (OECD), food prices in the next 10 years are expected to remain well above the levels of the past decade. The report says that current high prices will hit the poor and hungry the hardest and calls for the urgent mobilization of humanitarian aid as well as a greater focus on boosting agricultural production in the longer term.** "Coherent action is urgently needed by the international community to deal with the impact of higher prices on the hungry and poor," Jacques Diouf, Director-General of the FAO said at a press conference launching the report in Paris. "Today some 862 million people are suffering from hunger and malnourishment—this highlights the need to reinvest in agriculture. It should be clear now that agriculture needs to be put back onto the development agenda." **Using prices corrected for inflation, the report says that over the next decade rice and sugar prices will increase by less than 10 percent, wheat by less than 20 percent, butter, coarse grains, and oilseeds will rise by 30 percent, and vegetable oils by over 50 percent.** High oil prices, changing diets, urbanization, economic growth, and expanding populations are underlying factors behind the rise in food prices, according to the report. The FAO and OECD also cite growing demand for biofuel as another factor forcing up prices, saying that world ethanol production has tripled between 2000 and 2007 and is expected to double again in the next decade. Climate change, low stock levels, and speculation could also add to price volatility.

**Warrant:** Sub Saharan Africa is particularly vulnerable to food insecurity

Pritha Mitra. 6-4-2020, "Safeguarding Africa's Food Security in the Age of COVID-19," International Monetary Fund. 4 Jun. 2020. Web. 6 Mar. 2021.  
<https://blogs.imf.org/2020/06/04/safeguarding-africas-food-security-in-the-age-of-covid-19/>

Food security in sub-Saharan Africa is under threat. The ability of many Africans to access sufficient, safe and nutritious food to meet their dietary needs has been disrupted by successive natural disasters and epidemics. Cyclones Idai and Kenneth, locust outbreaks in eastern Africa, and droughts in southern and eastern Africa are some examples. **The COVID-19 pandemic is just the latest catastrophe to have swollen the ranks of 240 million people going hungry in the region. In some countries, over 70 percent of the population has problems accessing food.** Sub-Saharan Africa is the world's most food-insecure region, and in the June 2020 sub-Saharan Africa Regional Economic Outlook , we show that climate change is increasing that insecurity. The sub-Saharan is particularly vulnerable to the forces of climate change. Almost half the population lives below the poverty line and depends on rain-fed agriculture, herding, and fishing to survive . With each climate shock, whether drought, flood or cyclone, farmers suffer directly, while shortages elevate the price of food for all.

**Impact:** 25,000 people die every day from hunger

John Holmes, 12-31-2008, "Losing 25,000 to Hunger Every Day," The United Nations. 31 Dec. 2008. Web. 6 Mar. 2021. <https://www.un.org/en/chronicle/article/losing-25000-hunger-every-day>

Food prices began rising in 2004, with a particularly steep increase in 2006. The Food and Agriculture Organization of the United Nations forecasts that the world will spend \$1,035 billion on food imports in 2008, about \$215 billion more than in 2007.6 This will severely

strain the budgets of Low-Income Food-Deficit Countries whose food bills will soar by more than 40 per cent in 2008. This may also cause inflation, disrupt the balance of payments and increase debt for many low-income countries. The dramatic rise in global food prices over the past twelve months, coupled with diminishing food stocks and escalating fuel costs, has gravely jeopardized global food and nutrition security, and has re-emphasized the critical actions needed to realize the right to adequate food. **Hunger and under-nutrition are the greatest threats to public health, killing more people than HIV/AIDS, malaria and tuberculosis combined. Each day, 25,000 people, including more than 10,000 children, die from hunger and related causes.** Some 854 million people worldwide are estimated to be undernourished, and high food prices may drive another 100 million into poverty and hunger. The risks are particularly acute among those who must spend at least 60 per cent of their income on food: the urban poor and displaced populations, the rural landless, pastoralists and the majority of smallholder farmers.

**Analysis:** The strength of this argument is in its magnitude, the harms caused by food insecurity are vast and devastating. Food insecurity is one of the most widely recognized threats to health which may give this argument appeal in front of less technical judges. Teams interested in this argument should look more closely into answering the questions of how much the IMF has contributed to the alleviation of food insecurity and whether they have any current plans for long term assistance. Without the answers to those questions, con teams will be able to easily mitigate the argument on grounds of probability and clarity.

### PRO: IMF is beneficial to Sub Saharan Africa

**Argument:** The IMF provides essential support for Sub Saharan African countries when they face crises.

**Warrant:** Many Sub Saharan African countries face extreme poverty

Marta Schoch. 12-16-2020, "The number of poor people continues to rise in Sub-Saharan Africa, despite a slow decline in the poverty rate," World Bank Blogs. 16 Dec. 2020. Web. 8 Mar. 2021. <https://blogs.worldbank.org/opendata/number-poor-people-continues-rise-sub-saharan-africa-despite-slow-decline-poverty-rate>

One reason behind the slowdown in global extreme poverty reduction is the slow progress in Sub-Saharan Africa. The latest estimates show that the regional poverty rate decreased by 1.6 percentage points between 2015 and 2018. This translates to 40% of the population living below the US\$1.90-a-day poverty line in 2018 and Sub-Saharan Africa accounting for two-thirds of the global extreme poor population. **While the poverty rate has decreased from 56% in 1990 to 40% in 2018 the number of poor continues to rise. In other words, the poverty rate in Sub-Saharan Africa has not fallen fast enough to keep up with population growth in the region and 433 million Africans are estimated to live in extreme poverty in 2018, rising from 284 in 1990.** The Poverty and Shared Prosperity report 2020 shows that the number of poor has also increased at the US\$3.20 and US\$5.50 lines. While the poverty rate has decreased at the three lines between 1990 and 2018, the number of poor has increased (Figure 1). Poverty reduction has been much slower at the higher lines: between 1990 and 2018 the poverty rate fell 15 percentage points at the US\$1.90 poverty line, by 10 pp at the US\$3.20 line and by just 3.3 pp at the US\$5.50 line. Consequently, the number of poor has risen by 50% at

the US\$1.90 line and has doubled at the higher lines over the past three decades. Whatever progress has been made in terms of reducing extreme poverty in Sub-Saharan Africa, has not translated into equivalent gains in consumption beyond the US\$3.20 threshold.

**Warrant:** The IMF is committed to African countries

Imf Survey Online, 5-22-2009, "IMF Survey: IMF Steps Up Help to Africa to Combat Crisis," IMF. 22 Jun. 2009.

<https://www.imf.org/en/News/Articles/2015/09/28/04/53/socar052209a>

Briefing more than 100 African ambassadors and diplomats in Washington ahead of his trip, Strauss-Kahn said that Africa was in many respects an innocent victim of the global crisis. In response, the IMF is stepping up its lending to Africa and other low-income countries.

- **By end-May 2009, new IMF lending to sub-Saharan Africa has already topped \$1.5 billion, double the level for 2008, and further lending to other countries is under discussion.**
- Plans to more than double concessional assistance. The IMF expects to boost concessional assistance in 2009–10 to \$3 billion a year to assist low-income countries in dealing with the fallout from the global crisis.
- **Higher access. Country limits on access to concessional Fund financing have been doubled.**
- The Fund is reforming its concessional lending instruments to make them more flexible and tailored to the needs of low-income countries.
- 24 low-income countries have received debt relief from the IMF totaling about \$6 billion.

Warrant: IMF loans are particularly useful and necessary now that China also gives loans to African countries

**Warrant:** Sub Saharan Africa needs financial assistance which the IMF provides

Abebe Salassie. 10-22-2020, "Sub-Saharan Africa's Difficult Road to Recovery," IMF Blog. 22 Oct. 2020. Web. 7 Mar. 2021. <https://blogs.imf.org/2020/10/22/sub-saharan-africas-difficult-road-to-recovery/>

**Without significant additional financial assistance, many sub-Saharan African countries will struggle to simply maintain macroeconomic stability while meeting the basic needs of their populations. The IMF has taken swift action to cover a significant portion of the region's needs by providing about \$16 billion financing this year alone to 33 countries and immediate debt service relief to 22 of the poorest, most vulnerable sub-Saharan African countries.** We are working with countries to put in place governance mechanisms to help ensure that the funds benefit their people as intended. We have also worked with the G20 to suspend debt service payments to official bilateral creditors and welcome the extension of the Debt Service Suspension Initiative. But more help is needed. Sub-Saharan Africa faces additional financing needs of \$890 billion through 2023. Private financial flows are expected to fill less than half of that need, while current commitments from international financial institutions and bilateral donors will cover only one-quarter of the need. Under that scenario, the region still faces a projected financing gap of \$290 billion through 2023.

**Warrant:** COVID and other crises put Sub Saharan Africa into a vulnerable position

Henitsoa Rafalia, 2-26-2021, "Facing Multiple Crises, Africa's Most Vulnerable Nations Call on International Community for Greater Support," United Nations. 26 Feb. 2021. Web. 8 Mar. 2021. <https://www.un.org/ohrlls/news/facing-multiple-crises-africa%E2%80%99s-most-vulnerable-nations-call-international-community-greater>

**The COVID-19 pandemic, climate change, trade barriers and debt distress are some of the major challenges debated at a high-level meeting of ministers from the Least Developed Countries (LDCs) of Africa and Haiti this week.** Over the past five days, leaders of African nations and Haiti, development partners, civil society, private sector and representatives of the United Nations deliberated over progress by Africa's least developed countries (LDCs) in achieving sustainable development, and what new policies and support measures are required to build a resilient future. **"The LDC members' GDP shrank by 1.3 per cent in 2020, thereby increasing the number of poor households and worsening inequality between and within countries, with disproportionate effects on women,"** said Malawian President Lazarus Chakwera, opening the meeting. "The Pandemic has exposed our limitations in the fields of science, technology and innovations, which has laid bare the digital and technological divide between nations." **Across the LDCs, the pandemic is projected to force an additional 32 million people into poverty.** For Africa's LDCs, the pandemic has jeopardized hard-won development gains. In the three years prior to the pandemic, African LDCs achieved steady real average GDP growth of 3.9 per cent – slightly above the global average of 3.4 per cent. However, as a result of the pandemic, projections indicate real GDP growth of African LDCs to contract by 1.5 per cent in 2020.

**Impact:** IMF investment can spur other investment

Danny Bradlow, 7-28-2020, "The IMF's \$4bn loan for South Africa: the pros, cons and potential pitfalls," Conversation. 28 Jul. 2020. Web. 8 Mar. 2021.

<https://theconversation.com/the-imfs-4bn-loan-for-south-africa-the-pros-cons-and-potential-pitfalls-143553>

The most important benefit is that South Africa is getting \$4.2 billion at about 1.1% interest. This is a very cheap source of funds. If the government tried to raise the same amount either on domestic markets or from other international sources it would pay a considerably higher interest rate – the current rate for government bonds of comparable maturity is about 7%. **The second potential benefit is that the IMF loan will catalyse other funds for the country. In other words investors in South Africa and abroad will interpret the IMF's action as an expression of support for South Africa and this will give them the confidence to invest in South African debt.** Given that foreign investors hold about 30% of South African government's rand denominated debt this boost to confidence could be important. It will both reduce the incentive of these investors to sell their government bonds, potentially pushing up interest rates, and enable the government to issue new debt if needed.

**Impact:** IMF investment can stabilize countries that are experiencing crisis

Danny Bradlow, 7-28-2020, "The IMF's \$4bn loan for South Africa: the pros, cons and potential pitfalls," Conversation. 28 Jul. 2020. Web. 8 Mar. 2021.

<https://theconversation.com/the-imfs-4bn-loan-for-south-africa-the-pros-cons-and-potential-pitfalls-143553>

**The third benefit is that by helping to stabilise South Africa's situation, it will limit the damage that may be inflicted on the neighbouring countries.** This, in turn, could help South African exports and thus help preserve jobs and income in South Africa. The most significant downside is that the loan is denominated in foreign exchange. Thus South Africa has to bear the risk that if the rand depreciates, the loan and the interest on it will become more expensive. Given the state of the South African economy, this is not an insignificant risk.

**Analysis:** Teams looking to run this argument may want to look into historical examples of when IMF loans have been used in Sub Saharan African countries and what the effect was. It is important to note that teams running this argument should practice explaining that because IMF loans are used in cases of emergencies, what is important to look at in historical examples is whether the crisis was controlled and not necessarily on long term economic growth. Teams interested in this argument should look into impacts such as reducing poverty or reducing deaths during crises.

### PRO: IMF was helpful during COVID 19

**Argument:** The IMF was able to provide desperately needed assistance during the pandemic.

**Warrant:** COVID and other crises put Sub Saharan Africa into a vulnerable position

Henitsoa Rafalia, 2-26-2021, "Facing Multiple Crises, Africa's Most Vulnerable Nations

Call on International Community for Greater Support," United Nations. 26 Feb. 2021. Web. 8 Mar. 2021. <https://www.un.org/ohrls/news/facing-multiple-crises-africa%E2%80%99s-most-vulnerable-nations-call-international-community-greater>

**The COVID-19 pandemic, climate change, trade barriers and debt distress are some of the major challenges debated at a high-level meeting of ministers from the Least Developed Countries (LDCs) of Africa and Haiti this week.** Over the past five days, leaders of African nations and Haiti, development partners, civil society, private sector and representatives of the United Nations deliberated over progress by Africa's least developed countries (LDCs) in achieving sustainable development, and what new policies and support measures are required to build a resilient future. **"The LDC members' GDP shrank by 1.3 per cent in 2020, thereby increasing the number of poor households and worsening inequality between and within countries, with disproportionate effects on women,"** said Malawian President Lazarus Chakwera, opening the meeting. "The Pandemic has exposed our limitations in the fields of science, technology and innovations, which has laid bare the digital and technological divide between nations." **Across the LDCs, the pandemic is projected to force an additional 32 million people into poverty.** For Africa's LDCs, the pandemic has jeopardized hard-won development gains. In the three years prior to the pandemic, African LDCs achieved steady real average GDP growth of 3.9 per cent – slightly above the

global average of 3.4 per cent. However, as a result of the pandemic, projections indicate real GDP growth of African LDCs to contract by 1.5 per cent in 2020.

### **Warrant:** IMF investment can help save a crisis stricken economy

Danny Bradlow, 7-28-2020, "The IMF's \$4bn loan for South Africa: the pros, cons and potential pitfalls," Conversation. 28 Jul. 2020. Web. 8 Mar. 2021.  
<https://theconversation.com/the-imfs-4bn-loan-for-south-africa-the-pros-cons-and-potential-pitfalls-143553>

The most important benefit is that South Africa is getting \$4.2 billion at about 1.1% interest. This is a very cheap source of funds. If the government tried to raise the same amount either on domestic markets or from other international sources it would pay a considerably higher interest rate – the current rate for government bonds of comparable maturity is about 7%. **The second potential benefit is that the IMF loan will catalyse other funds for the country. In other words investors in South Africa and abroad will interpret the IMF's action as an expression of support for South Africa and this will give them the confidence to invest in South African debt.** Given that foreign investors hold about 30% of South African government's rand denominated debt this boost to confidence could be important. It will both reduce the incentive of these investors to sell their government bonds, potentially pushing up interest rates, and enable the government to issue new debt if needed.

### **Impact:** IMF investment can stabilize countries that are experiencing crisis

Danny Bradlow, 7-28-2020, "The IMF's \$4bn loan for South Africa: the pros, cons and potential pitfalls," Conversation. 28 Jul. 2020. Web. 8 Mar. 2021.  
<https://theconversation.com/the-imfs-4bn-loan-for-south-africa-the-pros-cons-and-potential-pitfalls-143553>

**The third benefit is that by helping to stabilise South Africa's situation, it will limit the damage that may be inflicted on the neighbouring countries.** This, in turn, could help South African exports and thus help preserve jobs and income in South Africa. The most significant downside is that the loan is denominated in foreign exchange. Thus South Africa has to bear the risk that if the rand depreciates, the loan and the interest on it will become more expensive. Given the state of the South African economy, this is not an insignificant risk.

**Analysis:** The IMF's willingness to dole out assistance in the middle of a pandemic provided a huge boost to South Africa and neighboring countries. Without assistance, there is no telling how bad their downturn could have been.

### PRO: IMF provides helpful surveillance

**Argument:** A large part of what the IMF does is conduct research in order to identify potential economic risks of member countries.

**Warrant:** In the past, lack of economic surveillance was thought to contribute to the creation of economic crises

Michael Bordo. 06-2000. THE INTERNATIONAL MONETARY FUND:ITS PRESENT ROLE IN HISTORICAL PERSPECTIVE. National Bureau of Economic Research. June 2000. Web. 10 Mar. 2021.  
[https://www.nber.org/system/files/working\\_papers/w7724/w7724.pdf](https://www.nber.org/system/files/working_papers/w7724/w7724.pdf)

**Secondly, there is a bilateral surveillance, based on regular consultations with member countries (known as Article IV consultations). As a result of a feeling in the 1990's that some of the problems in the international economy were a consequence of inadequate surveillance, the IMF reverted to a pattern of annual consultations** (after a period in which they were less frequent). Sometimes IMF staff reports on member countries are thought to be insufficiently critical (because of the development of a sort of "clientism", in which good relations with officials and ministers develop). The economic basis of staff papers in preparation for these consultations have been published for some years (under the title "Recent Economic Developments"). In April 1999, the IMF launched an experimental program for the release of staff reports subsequent to consultations. The results of the consultations are expressed in a paper, which is now published by the IMF, given the consent of the member country concerned,  
as a "Public Information Notice" (previously, the outcome of such discussions was

regarded as confidential). In 1999, the IMF began to release full staff reports.

**Warrant:** A large part of the IMF's job is to provide surveillance

IMF, 3-8-2021, "How the IMF Promotes Global Economic Stability," 8 Mar. 2021. Web.

10 Mar. 2021.

<https://www.imf.org/en/About/Factsheets/Sheets/2016/07/27/15/22/How-the-IMF-Promotes-Global-Economic-Stability>

The IMF helps countries implement sound and appropriate policies through its key functions of surveillance, capacity development, and lending. **Surveillance: A core responsibility of the IMF is to oversee the international monetary and financial system and monitor the economic and financial policies of its 190 member countries, an activity known as surveillance.** As part of this process, which takes place at the global, regional, and country levels, **the IMF identifies potential risks to stability and recommends appropriate policy adjustments needed to sustain economic growth and promote financial and economic stability.**

**Warrant:** IMF surveillance adapts to what is seen as main threats to global economic stability

IMF Fact Sheet. 3-6-2003, "Preventing Financial Crises: The Case for Independent IMF Surveillance," International Monetary Fund. 6 Mar. 2021.

<https://www.piie.com/commentary/speeches-papers/preventing-financial-crises-case-independent-imf-surveillance>

**The IMF periodically reviews its surveillance activities to better adapt to changes in the global economy.** Reflecting a heightened awareness of the implications of financial interconnectedness across countries, the 2011 review focused on multilateral surveillance. This laid the foundation for the 2012 Integrated Surveillance Decision, which clarified that IMF surveillance should focus on policies related to members' domestic and balance-of-payments stability, as well as systemic stability. In September 2012 the Board endorsed a Financial Surveillance Strategy that proposed concrete steps to further strengthen IMF monitoring activities. Together these reforms led to an overhaul of the surveillance toolkit and update of the legal framework. **The 2014 Triennial Surveillance Review supported these reforms, and the 2018 Interim Surveillance Review, which took stock of progress in advancing the TSR's recommendations, found that IMF surveillance had become better adapted to the global conjuncture during 2014-17.** The ongoing Comprehensive Surveillance Review (CSR) is considering how to adapt surveillance for the global landscape of 2021-30. The CSR has identified four broad surveillance priorities to better support the membership in the period ahead: (i) confronting risks and uncertainties; (ii) preempting and mitigating spillovers; (iii) fostering economic sustainability; and (iv) adopting a more unified approach to policy advice. A key objective of the CSR is to strengthen the traction of the IMF's policy advice by realigning how the IMF engages with member countries in line with these surveillance priorities

**Warrant:** Despite potential flaws, the international community recognizes that IMF surveillance is important in preventing crises

Edward Balls, 3-6-2003, "Preventing Financial Crises: The Case for Independent IMF Surveillance." 6 Mar. 2003. Web. 10 Mar. 2021.  
<https://www.piie.com/commentary/speeches-papers/preventing-financial-crises-case-independent-imf-surveillance>

**The international community has recognized that further reform of IMF surveillance is necessary.** Last September's IMFC communiqué called for "ongoing work to ensure that surveillance in program countries reassesses economic developments and strategy from a fresh perspective." The challenge-as the UK Chancellor of the Exchequer Gordon Brown said last September-is to make the IMF as credible and independent from political influence in its surveillance of economies as an independent central bank should be in the operation of domestic monetary policy. So today I want to set out how, in **implementing this IMFC remit, the world community of nations can implement new reforms to build a new system of international economic governance and surveillance which can strengthen our ability to prevent crises and advance our shared objectives of stability, development, and prosperity.**

**Impact:** The IMF surveillance empirically improves financing conditions for countries

Marcel Fratzher. 05-06-2007. "Is IMF Surveillance Even-Handed?" European Central Bank. 6 May. 2007. Web. 10 Mar. 2021. [https://www.peio.me/wp-content/uploads/2014/04/Conf1\\_Fratzscher.Reynaud\\_IMF.Surveillance.pdf](https://www.peio.me/wp-content/uploads/2014/04/Conf1_Fratzscher.Reynaud_IMF.Surveillance.pdf)

Overall, the findings underline that **IMF surveillance is indeed relevant as it exerts a significant effect on financial markets as well as on economic policies by member governments. As such, IMF surveillance fulfils an important insurance role as it helps improve financing conditions for countries that face financial and economic difficulties.** However, the results also imply that IMF surveillance is not even-handed as we have shown that countries are treated differently depending on their political influence at the IMF and in the UN.

**Analysis:** A major part of what the IMF does is provide surveillance for the economic conditions of member countries and this surveillance has the potential to prevent economic crises. Teams running this argument will want to research and find historical examples of when IMF surveillance was able to provide helpful surveillance to lead countries away from economic crises. One concern with this argument is on the impact level: teams should try to nail down a concrete impact to avoid negative teams taking advantage of ambiguous impact scenarios.

### PRO: IMF prevents predatory lending.

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**Argument:** In the absence of the IMF, countries would be forced to seek financial assistance from other institutions with perverse incentives.

**Warrant:** International financial institutions beyond the IMF tend to lend too quickly.

Lawder, David. "World Bank chief: some development banks worsening poor country debt burdens." Reuters. 2/11/20. <https://www.reuters.com/article/us-worldbank-debt/world-bank-chief-some-development-banks-worsening-poor-country-debt-burdens-idUSKBN2050HT>

Malpass said at a World Bank-International Monetary Fund debt forum in Washington that the Asian Development Bank, the African Development Bank, and the European Bank for Reconstruction and Development were contributing to debt problems.

**"We have a situation where other international financial institutions and to some extent development finance institutions as a whole, certainly the official export credit agencies, have a tendency to lend too quickly and to add to the debt problem of the countries," Malpass said.**

**He said the Asian Development Bank was "pushing billions of dollars" into a fiscally challenging situation in Pakistan while the African Development Bank was doing the same in Nigeria and South Africa.**

A spokesman for the Asian Development Bank could not immediately be reached for comment.

**Example:** China lent Pakistan billions, but it ended up adding to their debt burden.

Lawder, David. "World Bank chief: some development banks worsening poor country debt burdens." Reuters. 2/11/20. <https://www.reuters.com/article/us-worldbank-debt/world-bank-chief-some-development-banks-worsening-poor-country-debt-burdens-idUSKBN2050HT>

The Manila-based development lender in December approved \$1.3 billion in loans for Pakistan, including \$1 billion for immediate budget support to shore up the country's public finances and \$300 million to help reform the country's energy sector.

**The loans came as the country is struggling with billions of dollars in debt to China from Belt and Road infrastructure projects, which helped cause Pakistan to turn to the IMF for a \$6 billion loan program in 2019.**

**Malpass said there needed to be more coordination among international financial institutions to coordinate lending and maintain high standards of transparency.**

**"And so we have a very real problem of the IFIs themselves adding to the debt burden and, and there's pressure then I think on the IMF to sort through it and look at the best interest for the country," he said.**

**Warrant:** The IMF implements new lending rules to encourage transparency.

Lawder, David. "World Bank chief: some development banks worsening poor country debt burdens." Reuters. 2/11/20. <https://www.reuters.com/article/us-worldbank-debt/world-bank-chief-some-development-banks-worsening-poor-country-debt-burdens-idUSKBN2050HT>

One way to do this is to improve transparency in lending contracts, to eliminate non-disclosure clauses that have hidden liens and contingent liabilities that could hamper economic growth.

**In an interview, Malpass cited liens against Angola's oil revenues associated with Chinese debt that were hidden by non-disclosure agreements, convenient for politicians and contractors.**

**"Let the people of the country see what the terms of the debt are as their government makes commitments," Malpass said.**

**The World Bank's fund for the poorest countries, the International Development Association, is implementing a new set of lending rules on July 1 as it unlocks a new round of funding expected to make some \$85 billion in loans and grants available.**

These are aimed at setting new standards for transparency and require coordination with other multilateral lenders working with the same country.

**Impact:** Other lenders are not transparent and are seeking profit rather than assistance.

"Ease burden of 'unfair, predatory' lending on Pakistan: US to China." The Economic Times. 5/21/20.

<https://economictimes.indiatimes.com/news/international/business/ease-burden-of-unfair-predatory-lending-on-pakistan-us-to-china/articleshow/75859055.cms>

**Alice G Wells, US State Department's top official for Central and South Asia, told reporters during a conference call that be it the China-Pakistan Economic Corridor (CPEC) or any other assistance, the US supports investment that meets international**

**standards, upholds environmental and labour requirements and benefits the people of the region.**

**"I've enumerated the United States government's concerns over the CPEC, lack of transparency involved in the projects and unfair rates of profit that are guaranteed to Chinese organisations,"** she said in response to a question on the corridor.

**Analysis:** The IMF is not a perfect organization, but it strives to be fair, transparent, and just. Many other organizations that would take its place do not have those same goals in mind, and instead prefer to maximize profit and political gain. Without the IMF, many countries would be forced to take these predatory loans, leaving them far worse off.

### PRO: IMF discourages risky behavior

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**Argument:** The IMF is unlikely to take risks, leading to more stable development.

**Warrant:** Empirically, the IMF is not a risk-taking actor.

Peter Nunnenkamp. "The Moral Hazard of IMF Lending". Econostor. February 1999.

<https://www.econstor.eu/bitstream/10419/2228/1/26559801X.PDF>

**"There is no empirical justification to blame the IMF for having encouraged inflationary policies and inflexible exchange rate regimes in developing countries by offering financial assistance in the case of emergencies. Furthermore, the IMF is unlikely to have shaped banking behavior in a significant way. The cross-country distribution of bank lending is not correlated with the cross-country distribution of IMF lending.** The structure of private capital flows to developing countries has shifted towards equity financing and away from loan financing, although bailouts tend to benefit banks rather than equity investors."

**Warrant:** Typically, borrowers do not maximize the amount they can spend.

Timothy Lane. "Does IMF Financing Encourage Imprudence by Borrowers and Lenders?". IMF. 2002. <https://www.imf.org/external/pubs/ft/issues/issues28/>

**"A look at the record of IMF support, however, suggests these limits alone may not be enough to gauge expectations. In most IMF-supported programs, the amount actually accessed is well below the ceiling allowed. But, in some exceptional cases—indeed, the cases that have attracted recent controversy—approved access can go well beyond these limits.** And, in certain cases, the IMF has also put together support packages from other official sources, going well beyond its own financing."

**Warrant:** The IMF intentionally prevents excessive borrowing.

Timothy Lane. "Does IMF Financing Encourage Imprudence by Borrowers and Lenders?". IMF. 2002. <https://www.imf.org/external/pubs/ft/issues/issues28/>

**"Other factors limit the assurance to investors provided by IMF-supported financing packages. The published numbers refer to initial commitments and investors cannot take full disbursement of these amounts as a given: IMF and other official support is generally phased over time and depends on the particular program remaining on track. In some cases, bilateral financing has not materialized as originally announced. Thus, even in exceptional cases, the IMF's support is not on a sufficient scale to fully bail out private investors—and the picture does not change significantly with the inclusion of other official funds mobilized."**

**Weighing:** Emergency lending is more important than small amounts of risk.

Peter Nunnenkamp. "The Moral Hazard of IMF Lending". Econostor. February 1999.  
<https://www.econstor.eu/bitstream/10419/2228/1/26559801X.PDF>

**"Putting an end to IMF lending would do more harm than good. Eradicating minor moral hazard problems would come at the cost of more serious contagion if financial crises were no longer contained by official emergency lending. • Contrary to the past, moral hazard could become a relevant problem in the future, if the IMF were empowered to act as a true international lender of last resort."**

**Analysis:** The IMF is run by some of the world's leading economists, who are aiming to create global economic stability. They have little incentive to invest in a risky fashion, which means that countries are setup for long-term growth.

### PRO: IMF lending encourages good policy.

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**Argument:** The IMF conditionalizes its lending, requiring policy changes in exchange for financial aid. Typically the IMF encourages changes that would help the least well off, encouraging fair and equal growth.

**Warrant:** Conditionality is designed to help countries without resorting to austerity.

IMF. "IMF Loan Conditionality". IMF Factsheets. February 2001.

<https://www.imf.org/en/About/Factsheets/Sheets/2016/08/02/21/28/IMF-Conditionality>

**"Conditionality covers the design of IMF-supported programs—that is, macroeconomic and structural policies—and the specific tools used to monitor progress toward goals outlined by the country in cooperation with the IMF. Conditionality helps countries solve balance-of-payments problems without resorting to measures that are harmful to national or international prosperity. At the same time, the measures are meant to safeguard IMF resources by ensuring that the country's balance of payments will be strong enough to permit it to repay the loan."**

**Warrant:** The IMF grants autonomy to countries making reforms.

IMF. "IMF Loan Conditionality". IMF Factsheets. February 2001.

<https://www.imf.org/en/About/Factsheets/Sheets/2016/08/02/21/28/IMF-Conditionality>

**"The member country has primary responsibility for selecting, designing, and implementing policies to make the IMF-supported program successful. The program is described in a letter of intent, which often has a memorandum of economic and**

**financial policies attached. The program's objectives and policies depend on a country's circumstances.** But the overarching goal is always to restore or maintain balance-of-payments viability and macroeconomic stability while setting the stage for sustained, high-quality growth and, in low-income countries, reducing poverty.”

**Analysis:** This argument shows that loan conditionality exists for a reason, to prevent countries from engaging in the same practices which got them into debt in the first place.

**Link:** Modern conditions emphasize poverty reduction

IMF Staff. “IMF Lending to Poor Countries—How does the PRGF differ from the ESAF?”.

IMF. 2001. <https://www.imf.org/external/np/exr/ib/2001/043001.htm>

**“In September 1999, the IMF embraced a new anti-poverty focus for its work in low-income countries. As part of this move, the IMF terminated its Enhanced Structural Adjustment Facility (ESAF) and replaced it with a new lending facility for low-income countries, the Poverty Reduction and Growth Facility (PRGF).** The core aim of the PRGF is to arrive at policies that are more clearly focused on economic growth and poverty reduction and, as a result of better national ownership, more consistently implemented. More than just a change in name, the new facility has brought with it a number of innovations designed to ensure that lending programs are pro-poor and in line with each country's own strategy for reducing poverty.”

**Impact:** Loan recipients are empowered through the new system to reduce poverty themselves

IMF Staff. “IMF Lending to Poor Countries—How does the PRGF differ from the ESAF?”.

IMF. 2001. <https://www.imf.org/external/np/exr/ib/2001/043001.htm>

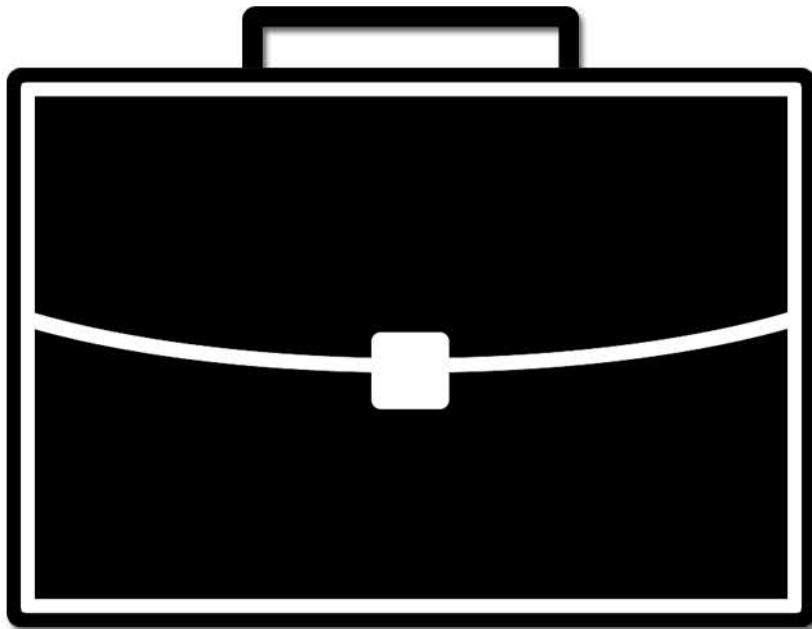
**"The way programs are formulated is different: The Policy Framework Papers (PFP), the basis of ESAF loan arrangements, were prepared jointly by country officials and IMF and World Bank staff without broader consultation. PRSPs, and thus PRGF-supported policy programs, are country-led and incorporate contributions to policy design from across society.** Because PRGF-related documents are published more extensively than under the ESAF, programs are more transparent, enabling other donors to use PRSPs as the basis of their support as well."

**Analysis:** The IMF is able to strong-arm resistant leadership into making positive changes by offering loan forgiveness in exchange. As a result, the IMF has successfully ushered in poverty-reduction in a number of countries who saw a net reduction in poverty as a result.

# Champion Briefs

## April 2021

### Public Forum Brief



## Pro Responses to Con Arguments

## A/2: IMF increases poverty

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**Answer:** there is no link between the IMF and an increase in poverty

**Warrant:** no link between the IMF and typical indicators

Graham Bird, 6-25-2019, "The effects of IMF programs on poverty, income inequality and social expenditure in low income countries: an empirical analysis," Taylor & Francis, <https://www-tandfonline-com.srv-proxy2.library.tamu.edu/doi/full/10.1080/17487870.2019.1689360>

**However, a common caricature of the IMF's involvement in low income countries is that its preoccupation with macroeconomic stabilization implies that IMF programs will have severe negative effects in the form of increasing poverty,** increasing income inequality and cutting social expenditure by the government. This caricature has been reinforced by empirical studies that claim to have identified negative consequences, and, despite the nuances of some of these results, this image of the effect of IMF programs has become something of a conventional wisdom. Our findings suggest that this image of IMF programs needs to be re-assessed. We attempt to deal with a potential selection problem by adopting a propensity score matching approach which allows us to compare countries with and without IMF programs, but with approximately similar probabilities of participating in one, based on their underlying economic circumstances. **Our analysis does not find any strong and universally negative association between Fund programs and a wide range of key social indicators that we examine. Instead, the effects are highly nuanced and contingent on country and program characteristics; the estimated treatment effects exhibit considerable variance.** While our findings do not allow firm and universal conclusions to be reached about the effects of IMF programs on poverty and income inequality, they do raise

questions about the degree of confidence that should be placed in what has tended to become the conventional wisdom.

**Warrant:** IMF programs are specifically geared toward decreasing poverty

Graham Hacche, 2-13-2003, "The Evolving Role of the IMF and the Reduction of Poverty by Graham Hacche, Deputy Director, External Relations Department, IMF," IMF, <https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp021303>

The IMF became more aware that the policy programs supported by its loans would be inadequate if they aimed only for the correction of balance of payments problems: programs also needed to establish the foundations for sustainable economic growth if they were to promote effectively the "primary objectives" of high levels of employment and real income referred to in the Articles. I would add **that the IMF has always emphasized that the kind of growth we promote is not growth in the size of economies for its own sake, but growth in real per capita incomes that increases human welfare and that is sustainable and equitable.** Michel Camdessus, the IMF's Managing Director between January 1987 and February 2000, used to refer to this as "High-Quality Growth". **It is the key to rising economic welfare and poverty reduction.** **There is no way of lifting the population of poor countries out of poverty,** say on the scale that has actually been achieved in much of Asia in recent decades, **without sustained economic growth.** (This is not to say, however, that economic growth is all that is needed for the rapid poverty reduction we need.)

**Warrant:** market liberalization decreases poverty

Masato Hayashikawa, 3-4 November 2008, "Trading Out of Poverty How Aid for Trade Can Help", OECD, <https://www.oecd.org/site/tadpd/41231150.pdf>

Put differently, **although the poverty elasticity of growth can vary significantly between countries and across time** (see e.g. World Bank, 2005), **there is no evidence-based support for a consensus that liberalised trade has an „adverse“ impact on the poor.** Cashin et al. (2001) examined the relationship between macroeconomic policies and improvements in a human development index for a given rate of per capita GDP growth and found no robust evidence that any openness variable was associated with either pro-poor or anti-poor growth. Cling (2006) also concludes, on the basis of a comprehensive literature review, **that trade is not the main factor determining the evolution of poverty and inequality within countries.** However, **the IMF (2007) analyses found that trade openness actually reduces income inequality**, both in developed and developing countries. In fact, **during the last two decades average real income of the poorest segment of the population has increased across all countries and income groups.** Rather, as the study points out, income inequality has risen in most countries and regions over the past two decades due to technological progress which increases the wages of the skilled relative to the wages of the unskilled.

**Analysis:** turning this argument is the most straight forward way of approaching it, however the link debate favors the con. Using alternative arguments to outweigh may be a more effective strategy. However, you can also make the argument that the countries would have already been going into poverty without the IMF.

**Answer:** COVID is an alternate cause to poverty

**Warrant:** COVID has decreased poverty reduction efforts

Oscar Williams-Grut, 10-13-2020, "IMF: COVID-19 'will erase 30 years of progress fighting poverty'," No Publication, <https://sports.yahoo.com/imf-covid-19-poverty-world-economic-outlook-october-2020-growth-economy-142127336.html>

**The COVID-19 pandemic could reverse 30 years of progress made fighting global poverty, the International Monetary Fund (IMF) has warned.** The IMF said on Tuesday said that as many as 90 million people could be plunged beneath into extreme poverty this year, meaning they will be forced to survive on less than \$1.90 a day. “The pandemic will reverse the progress made since the 1990s in reducing global poverty and will increase inequality,” the IMF wrote in its bi-annual World Economic Outlook report. The agency said day labourers and migrant labourers were particularly vulnerable to falling into poverty. “People who rely on daily wage labor and are outside the formal safety net faced sudden income losses when mobility restrictions were imposed,” the report said. “Among them, migrant workers who live far from home had even less recourse to traditional support networks.” The IMF said emerging market countries and developing economies would suffer more severe downturns than developed economies as a result of COVID.

**Analysis:** this serves as a single alternate cause argument to which there can be many. While the con can still make the argument that the pro makes it worse, it becomes more difficult to quantify. This can be used in a similar way with events like the 2008 recession.

## A/2: IMF increases income inequality

**Answer:** IMF advocates for redistribution policies to stop income inequality such as gender budgeting

Chloe Taylor, 10-16-2019, “IMF chief calls for tax hikes on the wealthy to reduce inequality,” CNBC, <https://www.cnbc.com/2020/01/08/imf-chief-calls-for-tax-hikes-on-the-wealthy-to-reduce-inequality.html>

However, she was optimistic that policymakers had the power to deliver real change, despite the political difficulty of implementing reforms. Firstly, **Georgieva suggested governments needed to rethink their policies and consider progressive taxation.** “**Progressive taxation is a key component of effective fiscal policy**,” she said. “At the top of the income distribution, our research shows that marginal tax rates can be raised without sacrificing economic growth.” **The IMF has long advocated progressive tax policies, naming it one of three key methods for tackling inequality in 2017. Another way policymakers could address inequality was through “gender budgeting,”** Georgieva said. **Gender budgeting is a strategy to achieve equality between women and men by focusing on how public resources are collected and spent**, according to the EU. It can be applied at either central or local government level and may include steps such as restructuring budgets and policies or increasing female participation in the budget process. “**While many countries recognize the need for gender equality and women’s empowerment, governments can use gender budgeting to structure spending and taxation in ways to advance gender equality even further** — increasing women’s participation in the workforce and, in turn, boosting growth and stability,” Georgieva said in her blog. She also suggested that social spending policies had a part to play, noting that allocating funds to areas such as education, health care and pensions could help to reduce wealth inequality.

**Warrant:** the IMF does research on income inequality and advocates for progressive policies

IER, 1-24-2020, "IMF warns against increasingly unfettered capitalism; urges govts to tackle income inequality," <https://www.ier.org.uk/news/imf-warns-against-increasingly-unfettered-capitalism-urges-govts-tackle-income-inequality/>

Indeed, **IMF research published last week showed a strong association between income inequality and financial crises.** Georgieva's speech came after she published a similarly out-of-character blog post urging governments to increase taxes on the wealthy. **Describing economic inequality as “one of the most complex and vexing challenges in the global economy”, she also backed an uptick in public spending, signalling yet another u-turn from the IMF’s traditionally free-market thinking.** "Inequality of opportunity. Inequality across generations. Inequality between women and men. And, of course, inequality of income and wealth. They are all present in our societies and – unfortunately – in many countries they are growing," **Georgieva wrote.** "**Progressive taxation is a key component of effective fiscal policy. At the top of the income distribution, our research shows that marginal tax rates can be raised without sacrificing economic growth,**" she added. In fact, reducing inequality will be beneficial to both growth and to productivity, she added. The IMF also recently warned the UK government about the potential economic fallout of a no-deal Brexit, urging Boris Johnson to avoid such an outcome.

**Analysis:** this argument shows the IMF is taking a new approach beyond traditional globalization-neoliberal approaches. Furthermore, teams can advocate that the income inequality would have happened either way however the advocacy the IMF is doing is better than nothing.

**Answer:** there are alternative causes to income inequality than trade and the IMF

**Warrant:** technological changes are responsible for rises income inequality

Gemma Tetlow, 4-10-2017, "Blame technology not globalisation for rising inequality, says IMF," Financial Times, <https://www.ft.com/content/cfbd0af6-1e0b-11e7-b7d3-163f5a7f229c>

**Policymakers in advanced economies should look to technological change, rather than globalisation, for the main explanation of why workers have failed to benefit fully from past economic growth**, according to the International Monetary Fund. Across **the majority of advanced economies, workers have received a declining share of national income since the early 1990s, while a growing share of productivity gains has been captured by the owners of capital**. About half of this decline can be attributed to the impact of technological progress, which has made it easier to automate routine tasks, according to new analysis from the IMF. This has been more important than globalisation in affecting how much workers have benefited from economic growth. Because capital tends to be concentrated among the wealthy, a falling share of income for workers and vice versa for capital owners is likely to lead to rising income inequality, the study concludes.

**Warrant:** Sociological factors are responsible for income inequality

Lucia Macchia, et al, 11-20-2019, "Why Do People Tolerate Income Inequality?," Harvard Business Review, <https://hbr.org/2019/11/why-do-people-tolerate-income-inequality>

According to the latest work by Harvard sociologist Jonathan J. B. Mijs, this income inequality puzzle can be explained in part by evidence showing that **people's belief in meritocracy** (i.e., that income differences stem from differences in effort, not in luck) often goes hand in hand with the level of income inequality in a society. It seems that people in the most unequal societies, irrespective of whether they are from the working class, the lower middle class, or the upper middle class, are more likely to

**believe that the rich are rich because they worked hard for their income, while the poor are poor because of a lack of trying.** Our latest research, however, offers an additional explanation for the income inequality puzzle. We find that people put up with high levels of inequality for two reasons: First, **people generally care deeply about where they stand in terms of earnings within a group** — for example, whether they are the 5th or 40th highest-paid person in their workplace. Second, **people derive more satisfaction from being at the top of the income ranks in more unequal societies, where the pursuit of rank and status is more likely to be seen as a desirable life goal.** So, we argue that people in an unequal society have a relatively larger incentive to move up the income ranks than those living in places where most people earn similar incomes — simply because each step up the income ladder pays out more in terms of happiness. Quite possibly, this larger incentive leads people to ignore or rationalize the negative consequences of income inequality at the collective level.

**Analysis:** this answer boosts the claim that there is no causal relation between the IMF and income inequality. Teams should push back on that as a lot of links will be trade liberalization which may have happened in either world. Try the following cross examination line “you believe that income inequality is a problem because people at the top hold control right? And those people have a profit motive to increase trade right? Which widens income inequality right? So you’re telling the judge that without the IMF there is no profit motive?”

## A/2: IMF is neoliberal

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**Answer:** the IMF is attempting to reverse neoliberalism

**Warrant:** the IMF is critically examining its neoliberal past

Shawn Donnan, 5-26-2016, "IMF economists put 'neoliberalism' under the spotlight,"

Financial Times, <https://www.ft.com/content/4b98c052-238a-11e6-9d4d-c11776a5124d>

In an article published this week in its flagship magazine, **three of the IMF's top economists cautiously suggest that the “neoliberal agenda” may have been less successful than intended — and led to increased inequality.** Headlined “Neoliberalism: Oversold?”, the article is more a reflection of the vigorous debates under way inside the IMF than a brutal takedown of the free market policies the fund has long advocated. Still, even the use of the term “neoliberalism” is provocative. It is normally used by critics of the free market economics advocated by Friedrich Hayek and Milton Friedman. As the “Socialist Worker” newspaper railed this week: “The IMF uses debt as a weapon to force vicious neoliberal reforms on to elected governments.” **The new IMF work examines two specific elements of the so-called neoliberal agenda: capital account liberalisation, or removing barriers to the flows of capital; and fiscal consolidation,** or what is now more commonly called austerity. “There is much to cheer in the neoliberal agenda,” its authors write. “However, there are aspects of the neoliberal agenda that have not delivered as expected”. Their work, they added, led to “disquieting conclusions” — including that such policies resulted in increased inequality that undermined economic growth. The article quickly caused a stir among economists. “What the hell is going on?” asked Dani Rodrik, a Turkish economist who teaches at Harvard University, and is known for his questioning of globalisation’s benefits, in an interview. **“The IMF joins the critique of neoliberalism,” added Robert Went, a Dutch**

economist with a more sceptical take on globalisation, via Twitter. Fabio Ghironi, an Italian economist who teaches at the University of Washington, tweeted that the new paper amounted to a “disservice to many who’ve been working on other policies”. In an interview, Jonathan Ostry, **deputy director of the IMF’s research department and the article’s lead author, said the article was not meant as an attack on “the entire neoliberal agenda or the Washington consensus”**. But he hoped it would set the stage for a broader examination of “neoliberalism” that would come out this year. Related article Greece debt crisis Greek debt deal reflects shifting powers among IMF members It also fitted, he argued, with a re-examination of everything from austerity and inequality to debt and the desirability of open capital accounts that he and others have been publishing since the 2008 financial crisis. “There are a lot of people thinking the same thing at this point, that **basically some aspects of the neoliberal agenda probably need a rethink,**” he said. “The crisis said: ‘The way we’ve been thinking can’t be right’.

**Analysis:** this argument works to reject the link debate offered by the con and possibly solve for their alternative. This helps especially if you can get them to say that neoliberalism will live past the IMF’s existence.

**Answer:** neoliberalism is good

**Warrant:** neoliberalism helps people beyond capitalism

Marc David Loeb, 6-4-2017, "Neoliberalism has done the most good for the most people of any economic system in human history," Medium,  
<https://medium.com/@marcdloeb/neoliberalism-has-done-the-most-good-for-the-most-people-of-any-economic-system-in-human-history-9a9bd91eda4c>

**Other neoliberal policies have the potential to lower inequality.** The American federal tax code is over 11,000 pages long (and jumps to 70,000 if you include supplementary

material). Our regulatory code is orders of magnitude larger. The complexity of these systems inherently benefit the wealthy. Large corporations and rich people can afford expensive lawyers to find every exemption and tax break. This gives large incumbent companies an advantage over their smaller rivals, decreasing economic dynamism, pushing up prices and down wages. Another tax **neoliberals wish to get rid of, corporate income taxation, is primarily a tax on the wages of workers and the pockets of consumers, not the wallets of the CEO or shareholders. By radically simplifying our tax and regulatory system we can re-level the playing field.** The Safety Net However capitalism is not a perfect system. **What separates neoliberals from libertarians is that neoliberals recognize that markets sometimes fail when left completely unsupervised.** Anti-trust regulations are needed to maintain competition and protect consumers. Externalities such as pollution and CO<sub>2</sub> should be taxed, to return their costs to the people who created them. A good education system is essential to promoting opportunity and growth. Government intervention in the market is also needed when there is limited or no consumer choice (such as infrastructure and emergency care [people usually don't take the time to shop hospitals if they are having a heart attack]). The rights of minorities (sexual, religious, racial, ethnic) also need to be protected. Capitalism creates unparalleled prosperity, but sometimes doesn't distribute income and opportunity fairly (though I maintain that it provides the most fair baseline). Neoliberals support progressive taxation (preferably progressive consumption taxation), land value and inheritance taxes to improve equality. Neoliberalism also supports the idea that a minimum standard of living should be provided, preferably through cash grants to the poor (slowly trailing off as income rises), instead of our current tangled web of 126 welfare programs, which don't cooperate, allow people to fall through the cracks and disincentivize increasing one's own income.

**Warrant:** neoliberalism decreases conflict

EditöR, 3-3-2019, "Neoliberalism on Regional Conflicts," TÜİÇ Akademi,

<https://www.tuicakademi.org/neoliberalism-on-regional-conflicts/>

But in this regard, it is possible to say that, **international institutions can promote the international cooperation and assure the development of cooperation. They also may put pressure on states to comply with the international agreements.** However all **neoliberalists accept and acknowledge the importance of the international cooperation which is one of the main principles of this theory.** And the theory indicates that **institutions enhance the cooperation and reduce the risk of war and conflict.** Neoliberalism specifically looks at this solution: it argues that **international cooperation limit the effects of anarchy.**[4] Besides, **neoliberalists focus on domestic relations too, tackling the domestic policy issues and the influence of the political regimes and political systems to the state's foreign policy in particular and to international relations in general.**[5] Although some theories ignore the role of domestic policies in international relations, **neoliberalism indicates that the political systems, domestic policies should not be neglected, democratic and non-democratic states would act and interact differently.** Democratic peace theory advocates the premise that **democracies solve the conflicts without using the military sources.** Neoliberals tackle the policy tools and diverse resources available for states, they are underlying the importance of the economic sources and propound that power cannot be absorbed only in military and political terms, but also as 'soft power'.

**Analysis:** the approach of turning the impact may be very persuasive to lay judges, however some flow judges in debate (depending on your circuit) believe that neoliberalism is the root cause of all evil, making this argument an uphill battle. Regardless, warrant the idea that if states have unrestricted trade that makes money, they want to ensure that this trade does not stop. Therefore, they are less likely to have conflict.

## A/2: IMF is bad for Ecuador

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**Answer:** the problems of the IMF will no longer be an issue to Ecuador

**Warrant:** the president who approved the IMF loans is no longer in charge

Gideon Long, 2-7-2021, "Ecuador's IMF reforms on the line in presidential poll,"

Financial Times, <https://www.ft.com/content/fa4fa5de-d06a-42c0-9c3f-56b254355f76>

**Ecuadorians went to the polls to choose a new president on Sunday in an unpredictable election that will shape the country's relationship with the IMF and bondholders.** Opinion polls have been erratic in the run-up to the vote but **most put leftwing candidate Andrés Arauz ahead.** His main challengers are Guillermo Lasso, a millionaire former banker and ex-Coca-Cola executive, and Yaku Pérez, bidding to become the Andean nation's first indigenous president. **The incumbent, Lenín Moreno, is not standing again.** "The numbers have been really difficult to read," said 46-year-old Cristóbal Montenegro after casting his ballot in central Quito on Sunday morning. "I always knew who I was going to vote for — I voted for Lasso — but a lot of people seem to be undecided." Paulina Recalde, director of Perfiles de Opinión, a local pollster, said 30 per cent of people claimed to have not made up their mind who to vote for in the days before the election, 5 percentage points higher than usual. At stake is Ecuador's economic future. Last year, **the country — one of the poorest in South America — took steps towards putting its indebted economy back on track, agreeing a \$6.5bn lending agreement with the IMF and renegotiating the terms of its \$17.4bn of sovereign debt with bondholders.** But Arauz said the IMF's conditions were too onerous and he would not respect the agreement. The 36-year-old economist, who is backed by the country's combative former president Rafael Correa, describes the deal with bondholders as unconstitutional.

**Warrant:** The IMF is open to COVID debt restructuring

IMF, 3-3-2021, "Questions and Answers on Sovereign Debt Issues," IMF,  
<https://www.imf.org/en/About/FAQ/sovereign-debt>

How big is the current debt problem and how is the COVID-19 pandemic affecting countries' debt burdens? Debt levels were elevated before the crisis. For example, before the onset of the COVID-19 crisis, **an IMF paper published in February 2020 found that half of low-income countries (LICs) (36 of 70 countries) were at high risk of debt distress or already in debt distress.** Many emerging market economies were also at significant risk of debt distress. Since the onset of the pandemic, a number of countries have announced their intention to seek debt restructurings. **Some countries have already concluded debt restructurings, for example, Argentina and Ecuador,** while others' debt restructurings remain a work in progress, such as for Lebanon and Zambia. The COVID-19 pandemic is pushing debt levels to new heights. The pandemic is adding to spending needs as countries seek to mitigate the health and economic effects of the crisis, while revenues are falling due to lower growth and trade, together raising debt burdens. Some vulnerable countries are also facing higher financing costs or have very limited access to external financing. As a result, the pandemic has adversely affected both solvency and liquidity indicators of most if not all emerging market- and developing economies.

**Warrant:** the IMF and the world bank are supporting a suspension of debt-repayment

World Bank, 2-19-2021, "COVID 19: Debt Service Suspension Initiative,"  
<https://www.worldbank.org/en/topic/debt/brief/covid-19-debt-service-suspension-initiative>

COVID-19 has dealt a major blow to world's poorest countries, causing a recession that could push more than 100 million people into extreme poverty. **That is why the World Bank and the International Monetary Fund urged G20 countries to establish the Debt Service Suspension Initiative. The DSSI is helping countries concentrate their resources on fighting the pandemic and safeguarding the lives and livelihoods of millions of the most vulnerable people.** Since it took effect on May 1, 2020, **the initiative has delivered about \$5 billion in relief to more than 40 eligible countries.** In all, **73 countries are eligible for a temporary suspension of debt-service payments owed to their official bilateral creditors.** The G20 has also called on private creditors to participate in the initiative on comparable terms. **The suspension period, originally set to end on December 31, 2020, has been extended through June 2021.** The World Bank and the IMF are supporting implementation of the DSSI—**by monitoring spending, enhancing public debt transparency, and ensuring prudent borrowing.** DSSI borrowers commit to use freed-up resources to increase social, health, or economic spending in response to the crisis. They commit to disclose all public sector financial commitments (involving debt and debt-like instruments). They also commit to limit their non-concessional borrowing to levels agreed under IMF programs and the World Bank's non-concessional borrowing policies.

**Warrant:** the IMF has extended a new loan to Ecuador

Emerging Market Views, 8-31-2020, "IMF Extends A Lifeline To Ecuador," <https://emviews.com/imf-extends-a-lifeline-to-ecuador>

**The International Monetary Fund (IMF) and the Ecuadorian authorities on August 28 announced they have reached a staff-level agreement to support Ecuador's economic policies with a 27-month arrangement under the Extended Fund Facility (EFF) of about US\$6.5 billion. The country's new IMF-supported program will be anchored on two main objectives: "protecting the lives and livelihoods of the population and restoring**

**macro stability.** It will aim at ensuring the sustainability of public finances and strengthening domestic institutions to lay the foundations for strong, durable and inclusive growth,” the Fund said in a statement. **Additional financing, according to the IMF, from Ecuador’s bilateral and multilateral partners is “critical to complement the successful and market-friendly debt exchange in providing liquidity relief to the current and forthcoming administrations to ensure debt sustainability.”** “Ecuador’s already fragile economy has been further hit by a confluence of shocks, including the COVID-19 pandemic and the sharp slump in oil prices, which is expected to lead to a record decline in economic activity,” Ceyda Oner, who led the mission for the IMF said. ” The economy is expected to contract by 11 percent in 2020, and many Ecuadorians are being pushed into poverty. Against this backdrop, **the Fund-supported program is aimed at first helping the Ecuadorian authorities stabilize the economy and protect the lives and livelihoods of the Ecuadorian people, and then preparing the ground for economic recovery and promoting sustainable and inclusive growth.”**

**Analysis:** this argument shows that there is a new way of thinking for the IMF and Ecuador. Ecuador’s new Presidential election and the IMF’s new loans may avoid some of the con’s impacts. Furthermore, smart pros can outweigh this argument on scope.

## A/2: IMF is bad for human rights

**Answer:** the IMF helps increase human rights standards

**Warrant:** poor human rights decreases the chances of getting an IMF loan

Woo, Byungwon, and Amanda Murdie. "International Organizations and Naming and Shaming: Does the International Monetary Fund Care about the Human Rights Reputation of Its Client?" *Political Studies* 65, no. 4 (December 2017): 767–85.  
<https://journals.sagepub.com/doi/abs/10.1177/0032321717715397>

We make an argument that **HRO-publicized human rights conditions could enter the decision-making of the IMF and reduce the possibility of a new IMF program. The IMF is likely to be more cautious when countries under intense human rights scrutiny for their human rights abuses request for new IMF programs.** We corroborate our theoretical argument with some anecdotes of actual cases. Cross-national empirical analysis strongly confirms the implications of our theoretical claim. We demonstrate that **HRO events in a country negatively affect the country's probability of getting an IMF loan. Moreover, we argue and provide empirical evidence that the effect of HRO campaigning is strongest when applied toward countries closer to the US. We contribute to both the IMF literature and the literature on HROs.** By showing that information produced by HROs constrains IMF decision-making, we highlight the role of non-state actors in international institutions (Keck and Sikkink, 1998) beyond what have already been identified in the literature. The audience of HROs seems to be expanding from states actors to non-state actors like multinational corporations and to IGOs like the IMF. Our findings also imply that even non-strategic interests, such as concerns over publicized human rights conditions, are channeled to the IMF, highlighting the political nature of IMF's decision-making

**Warrant:** multiple human rights factors decrease the chance of getting a loan

Abouharb, M. Rodwan, and David L. Cingranelli. "The Human Rights Effects of International Monetary Fund Structural Adjustment Programs, 1981-2003." *International Studies Quarterly* (2006): 233-262. [https://www.peio.me/wp-content/uploads/2014/04/Conf1\\_Cingranelli.Abuoharb\\_Human.Rights.IMF\\_.Adjustment.pdf](https://www.peio.me/wp-content/uploads/2014/04/Conf1_Cingranelli.Abuoharb_Human.Rights.IMF_.Adjustment.pdf)

The stage-one findings demonstrated that, **besides economic distress, a variety of non-economic factors**, not previously examined, **also increased the likelihood of entering into a SAA with the International Monetary Fund. Governments with better records of respect for personal security rights were more likely to enter into an agreement with the International Monetary Fund.** These findings suggest that **the Fund is concerned about the human rights practices of potential loan recipient governments.** They are consistent with the “governance matters” initiative of the Fund in recent years (Kaufman et al. 2003) and with **the 1977 US International Financial Assistance Act requiring the US representatives on the Board of the Fund to use their votes and voices to advance human rights in loan recipient countries.**

**Warrant:** IMFs increase light shined on human right violations

Brendan Skip Mark, 2018, "Compliance with IMF Austerity: Labor Rights, Protest, and Repression," Open Repository @ Binghamton (The ORB),  
[https://orb.binghamton.edu/dissertation\\_and\\_theses/97/#main](https://orb.binghamton.edu/dissertation_and_theses/97/#main)

Chapter 3 explores physical integrity rights but there are many other forms that repression can take. Does IMF conditionality increase preventive repression whereby borrower governments expel journalists, round up labor leaders and activists, or create curfews and restrictions on freedom of association or movement? Do leaders repress

preemptively in anticipation of violent protest; attempting to quash dissent before it happens? How do IMF programs affect the ability to cover up repression? For example it may be that conditions meant to increase transparency make it harder for leaders to get away with repression. It may also be that **activists and human rights organizations pay more attention to human rights violations under IMF lending given popular beliefs about the IMF. In this sense IMF programs may shine a light on violations.**

**Warrant:** IMF helps boost human rights through poverty reduction

Sérgio Pereira, 9-4-2001, "The International Monetary Fund and Human Rights," IMF,  
<https://www.imf.org/en/News/Articles/2015/09/28/04/54/vc090401>

Since 1999, **the IMF has stressed the central role of poverty reduction in the Fund's strategy for low-income countries.** In particular, **Managing Director Horst Köhler has emphasized the participation of the poor in the development process, recognizing that growth and macroeconomic stability are not enough to raise living standards, and has suggested that governments need to put in place an environment in which the poor can protect, sustain and enrich their livelihoods.** This approach, which seeks to strengthen countries' sense of "ownership" of their economic strategy, **by no means prevents member countries from highlighting human rights issues or incorporating them into their poverty reduction strategies.** Because the poverty reduction strategy paper (**PRSP**) is a country-owned document, what it includes depends on the government's commitment and leadership, including its readiness to take on board priorities identified through the participatory process. For example, Burkina Faso prepared a poverty reduction strategy centered on the concept of human security, which comprises access to education, employment, medical care, basic foodstuffs and safe water, as well as preservation of the environment, respect for the rule of law, accountability, and participation. Nicaragua's August 2000 interim-PRSP proposes measures directed at the demarcation of lands of the indigenous communities,

protection of children in high-risk conditions, prevention of family violence and food security. **Rwanda's interim-PRSP includes a human rights program, as well as capacity building for Rwanda's Human Rights Commission. Other countries in which the poverty reduction strategy discusses human rights concerns include Bolivia, Cambodia, Cameroon, Uganda, Tanzania and Vietnam.**

**Analysis:** this answer turns the argument at the link level by proving that the IMF is good for human rights. Smart pros will explain that countries had poor human rights before the IMF, making it a “try or die” for the pro. Ultimately, focus on the warranting behind the link/link turns and explain why yours is better and should win.

## A/2: Loan conditionality is bad

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**Answer:** IMF loans improve economic outcomes

**Warrant:** Conditionality is designed to balance the checkbook

IMF. "IMF Loan Conditionality". IMF Factsheets. February 2001.

<https://www.imf.org/en/About/Factsheets/Sheets/2016/08/02/21/28/IMF-Conditionality>

**"Conditionality covers the design of IMF-supported programs—that is, macroeconomic and structural policies—and the specific tools used to monitor progress toward goals outlined by the country in cooperation with the IMF. Conditionality helps countries solve balance-of-payments problems without resorting to measures that are harmful to national or international prosperity. At the same time, the measures are meant to safeguard IMF resources by ensuring that the country's balance of payments will be strong enough to permit it to repay the loan."**

**Warrant:** Member countries are responsible for implementing the programs

IMF. "IMF Loan Conditionality". IMF Factsheets. February 2001.

<https://www.imf.org/en/About/Factsheets/Sheets/2016/08/02/21/28/IMF-Conditionality>

**"The member country has primary responsibility for selecting, designing, and implementing policies to make the IMF-supported program successful. The program is described in a letter of intent, which often has a memorandum of economic and financial policies attached. The program's objectives and policies depend on a country's circumstances. But the overarching goal is always to restore or maintain**

balance-of-payments viability and macroeconomic stability while setting the stage for sustained, high-quality growth and, in low-income countries, reducing poverty.”

**Analysis:** This argument shows that loan conditionality exists for a reason, to prevent countries from engaging in the same practices which got them into debt in the first place.

**Answer:** Modern loan conditionality is more narrowly tailored and advanced

**Warrant:** Modern conditions emphasize poverty reduction

IMF Staff. “IMF Lending to Poor Countries—How does the PRGF differ from the ESAF?”.

IMF. 2001. <https://www.imf.org/external/np/exr/ib/2001/043001.htm>

**“In September 1999, the IMF embraced a new anti-poverty focus for its work in low-income countries. As part of this move, the IMF terminated its Enhanced Structural Adjustment Facility (ESAF) and replaced it with a new lending facility for low-income countries, the Poverty Reduction and Growth Facility (PRGF).** The core aim of the PRGF is to arrive at policies that are more clearly focused on economic growth and poverty reduction and, as a result of better national ownership, more consistently implemented. More than just a change in name, the new facility has brought with it a number of innovations designed to ensure that lending programs are pro-poor and in line with each country's own strategy for reducing poverty.”

**Warrant:** Loan recipients are empowered through the new system to reduce poverty themselves

IMF Staff. “IMF Lending to Poor Countries—How does the PRGF differ from the ESAF?”.

IMF. 2001. <https://www.imf.org/external/np/exr/ib/2001/043001.htm>

**"The way programs are formulated is different: The Policy Framework Papers (PFP), the basis of ESAF loan arrangements, were prepared jointly by country officials and IMF and World Bank staff without broader consultation. PRSPs, and thus PRGF-supported policy programs, are country-led and incorporate contributions to policy design from across society.** Because PRGF-related documents are published more extensively than under the ESAF, programs are more transparent, enabling other donors to use PRSPs as the basis of their support as well."

**Analysis:** This response is powerful because it shows the judge that your opponent's points are outdated and no longer relevant.

## A/2: IMF encourages excessive risk-taking

**Answer:** IMF does not encourage excessive risk taking

**Warrant:** IMF lends too little to effect nationwide risk-taking

Peter Nunnenkamp. "The Moral Hazard of IMF Lending". Econostor. February 1999.

<https://www.econstor.eu/bitstream/10419/2228/1/26559801X.PDF>

**"There is no empirical justification to blame the IMF for having encouraged inflationary policies and inflexible exchange rate regimes in developing countries by offering financial assistance in the case of emergencies. Furthermore, the IMF is unlikely to have shaped banking behavior in a significant way. The cross-country distribution of bank lending is not correlated with the cross-country distribution of IMF lending.** The structure of private capital flows to developing countries has shifted towards equity financing and away from loan financing, although bailouts tend to benefit banks rather than equity investors."

**Warrant:** Moral hazard has a low magnitude

Peter Nunnenkamp. "The Moral Hazard of IMF Lending". Econostor. February 1999.

<https://www.econstor.eu/bitstream/10419/2228/1/26559801X.PDF>

**"Putting an end to IMF lending would do more harm than good. Eradicating minor moral hazard problems would come at the cost of more serious contagion if financial crises were no longer contained by official emergency lending. • Contrary to the past, moral hazard could become a relevant problem in the future, if the IMF were empowered to act as a true international lender of last resort."**

**Analysis:** This argument is an easy de-link. It provides compelling evidence that Moral Hazard has little effect on global economics, thereby severing the impact of crisis.

**Answer:** Borrowers do not feel like the IMF is a license to act risky

**Warrant:** Borrowers do not take the full amounts offered

Timothy Lane. "Does IMF Financing Encourage Imprudence by Borrowers and Lenders?". IMF. 2002. <https://www.imf.org/external/pubs/ft/issues/issues28/>

**"A look at the record of IMF support, however, suggests these limits alone may not be enough to gauge expectations. In most IMF-supported programs, the amount actually accessed is well below the ceiling allowed. But, in some exceptional cases—indeed, the cases that have attracted recent controversy—approved access can go well beyond these limits. And, in certain cases, the IMF has also put together support packages from other official sources, going well beyond its own financing."**

**Warrant:** Disbursements are often limited

Timothy Lane. "Does IMF Financing Encourage Imprudence by Borrowers and Lenders?". IMF. 2002. <https://www.imf.org/external/pubs/ft/issues/issues28/>

**"Other factors limit the assurance to investors provided by IMF-supported financing packages. The published numbers refer to initial commitments and investors cannot take full disbursement of these amounts as a given: IMF and other official support is generally phased over time and depends on the particular program remaining on track. In some cases, bilateral financing has not materialized as originally announced. Thus, even in exceptional cases, the IMF's support is not on a sufficient scale to fully**

bail out private investors—and the picture does not change significantly with the inclusion of other official funds mobilized.”

**Analysis:** This response is strong because it shows that even if the IMF encourages risk in theory, in practice there is little effect.

## A/2: IMF is Dominated by the US

**Answer:** IMF is not a puppet of the US

**Warrant:** IMF is led by a coalition of nations

“What is the IMF?”. Corporate Finance Institute. 2018.

<https://corporatefinanceinstitute.com/resources/knowledge/economics/international-monetary-fund-imf/>

“The International Monetary Fund (IMF) is an institution of the United Nations that sets standards for the global economy with the aim of strengthening its member countries economically. The organization currently lists 189 member countries that are represented on the IMF Executive Board. **The ratio of board members from each member country depends on the country’s economic muscle, with the economic giants getting the highest representation. The same applies to the voting powers of member countries, where big economies like the United States, Japan, China, Britain, Germany, France, and Italy hold superior voting power when making decisions..”**

**Warrant:** IMF is pluralistic

“What is the IMF?”. Corporate Finance Institute. 2018.

<https://corporatefinanceinstitute.com/resources/knowledge/economics/international-monetary-fund-imf/>

“The IMF comprises two ministerial committees, i.e., the International Monetary and Finance Committee (IMFC) and the Development Committee. The IMFC comprises 24 members drawn from the list of governors of member countries, with large economies appointing a representative just as is the case in the Executive Board. The committee

monitors the development of the global economy and also advises the Board of Governors on important issues. **The Development Committee comprises 24 members, and it is tasked with advising the Board of Governors of IMF and World Bank on matters related to economic development in developing and emerging economies.** **The committee also advises both institutions on trade and financial resources required to promote development in developing countries..”**

**Analysis:** This is a straightforward response which holds that the IMF is by definition not controlled by the US.

**Answer:** The IMF still does good

**Warrant:** IMF helps alleviate crises like COVID

Staff Writers. “The IMF's Response to COVID-19”. IMF. 2021.

<https://www.imf.org/en/About/FAQ/imf-response-to-covid-19#Q1>

**“he IMF is responding to an unprecedented number of requests for emergency financing.** The Fund has temporary doubled the access to its emergency facilities—the Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI) —allowing it to meet increased demand for financial assistance from member countries during the crisis. **These facilities allow the Fund to provide emergency assistance without the need to have a full-fledged program in place. Emergency financing has been approved by the IMF’s Executive Board at record speed – to 80 countries..”**

**Warrant:** IMF relieves debts

Staff Writers. “The IMF's Response to COVID-19”. IMF. 2021.

<https://www.imf.org/en/About/FAQ/imf-response-to-covid-19#Q1>

**“Grants for debt relief – The IMF has extended debt service relief through the Catastrophe Containment and Relief Trust (CCRT) to 29 of its poorest and most vulnerable member countries on their IMF obligations, covering these countries’ eligible debt falling due to the IMF for the period between April 2020 and April 2021.**

This debt relief helps the benefitting countries channel more of their scarce financial resources towards vital emergency medical and other relief efforts while these members combat the impact of the COVID-19 pandemic.”

**Analysis:** This response makes the case that it should not matter who “controls” the IMF as long as good impacts result. Ask your judge to weigh real world lives saved over abstractions of control and domination.

## A/2: IMF ignores regional context

**Answer:** The IMF has improved working with regional differences around the world.

**Warrant:** The IMF has a variety of poverty reduction programs

“Poverty Reduction Program Factsheet.” International Monetary Fund (IMF). February, 16 2019. <https://www.imf.org/en/About/Factsheets/IMF-Support-for-Low-Income-Countries>

**“How does the IMF support LICs?** Surveillance activities involve the continuous monitoring of members’ economic and financial policies. Discussions with country authorities focus on how their economic policies affect stability and explore desirable policy adjustments. Capacity-building activities focus largely on how LICs can boost domestic revenues, manage public finances and monetary policy, regulate the financial system, and develop statistical systems to help them implement sound policies and good practices, as well as progress toward the United Nations’ Sustainable Development Goals..”

**Warrant:** IMF Programs have a built-in poverty reduction focus

“Poverty Reduction Program Factsheet.” International Monetary Fund (IMF). February, 16 2019. <https://www.imf.org/en/About/Factsheets/IMF-Support-for-Low-Income-Countries>

**“Poverty reduction and growth strategies are used in IMF-supported programs to (1) link proposed program policies with the member’s poverty reduction and growth objectives, (2) preserve national ownership of the poverty reduction strategy process, and (3) provide flexibility in scope and coverage to reflect particular country**

**circumstances.** These documents are required for completion of reviews under IMF-supported programs under the ECF, and also those under the SCF and PSI with an initial duration of more than two years. Reaching the Heavily Indebted Poor Country decision or completion points also requires meeting Poverty Reduction Strategy requirements. IMF work on poverty reduction issues draws heavily on World Bank expertise and advice.”

**Warrant:** The IMF helps countries avoid being thrown into poverty by natural disasters

“Poverty Reduction Program Factsheet.” International Monetary Fund (IMF). February, 16 2019. <https://www.imf.org/en/About/Factsheets/IMF-Support-for-Low-Income-Countries>

**“In February 2015, the IMF repurposed the Post-Catastrophe Debt Relief Trust, into the Catastrophe Containment and Relief Trust. Under the new trust the IMF can join international debt relief efforts for poor countries hit by the most catastrophic of natural disasters. It can also assist countries battling public health disasters—such as infectious disease epidemics—with grants for debt service relief. Three Ebola-afflicted countries (Guinea, Liberia, Sierra Leone) received such assistance, totaling about \$100 million in February and March 2015. Further, annual and cumulative access limits under the RCF are higher for cases of large natural disasters (with assessed damages of 20 percent of GDP or more) than for other RCF lending”**

**Analysis:** The IMF no longer relies on the same “one-size-fits-all” solutions like it once did. Today, the IMF has become a positive force in the war on global poverty.

### A/2: IMF is worse than its alternatives

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**Answer:** The IMF is preferable to other institutions on a global level.

**Warrant:** International financial institutions beyond the IMF tend to lend too quickly.

Lawder, David. "World Bank chief: some development banks worsening poor country debt burdens." Reuters. 2/11/20. <https://www.reuters.com/article/us-worldbank-debt/world-bank-chief-some-development-banks-worsening-poor-country-debt-burdens-idUSKBN2050HT>

Malpass said at a World Bank-International Monetary Fund debt forum in Washington that the Asian Development Bank, the African Development Bank, and the European Bank for Reconstruction and Development were contributing to debt problems.

**"We have a situation where other international financial institutions and to some extent development finance institutions as a whole, certainly the official export credit agencies, have a tendency to lend too quickly and to add to the debt problem of the countries," Malpass said.**

**He said the Asian Development Bank was "pushing billions of dollars" into a fiscally challenging situation in Pakistan while the African Development Bank was doing the same in Nigeria and South Africa.**

A spokesman for the Asian Development Bank could not immediately be reached for comment.

**Example:** China lent Pakistan billions, but it ended up adding to their debt burden.

Lawder, David. "World Bank chief: some development banks worsening poor country debt burdens." Reuters. 2/11/20. <https://www.reuters.com/article/us-worldbank-debt/world-bank-chief-some-development-banks-worsening-poor-country-debt-burdens-idUSKBN2050HT>

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The Manila-based development lender in December approved \$1.3 billion in loans for Pakistan, including \$1 billion for immediate budget support to shore up the country's public finances and \$300 million to help reform the country's energy sector.

**The loans came as the country is struggling with billions of dollars in debt to China from Belt and Road infrastructure projects, which helped cause Pakistan to turn to the IMF for a \$6 billion loan program in 2019.**

**Malpass said there needed to be more coordination among international financial institutions to coordinate lending and maintain high standards of transparency.**

**"And so we have a very real problem of the IFIs themselves adding to the debt burden and, and there's pressure then I think on the IMF to sort through it and look at the best interest for the country," he said.**

**Warrant:** The IMF implements new lending rules to encourage transparency.

Lawder, David. "World Bank chief: some development banks worsening poor country debt burdens." Reuters. 2/11/20. <https://www.reuters.com/article/us-worldbank-debt/world-bank-chief-some-development-banks-worsening-poor-country-debt-burdens-idUSKBN2050HT>

One way to do this is to improve transparency in lending contracts, to eliminate non-disclosure clauses that have hidden liens and contingent liabilities that could hamper economic growth.

**In an interview, Malpass cited liens against Angola's oil revenues associated with Chinese debt that were hidden by non-disclosure agreements, convenient for politicians and contractors.**

**“Let the people of the country see what the terms of the debt are as their government makes commitments,” Malpass said.**

**The World Bank’s fund for the poorest countries, the International Development Association, is implementing a new set of lending rules on July 1 as it unlocks a new round of funding expected to make some \$85 billion in loans and grants available.**

These are aimed at setting new standards for transparency and require coordination with other multilateral lenders working with the same country.

**Analysis:** Other lending institutions are just as bad as the IMF if not worse. To say that other institutions can be trusted simply because they’re not the IMF would be naïve.

## A/2: IMF is not transparent

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**Answer:** The IMF is transparent, working towards improvements.

**Warrant:** The IMF implements new lending rules to encourage transparency.

Lawder, David. "World Bank chief: some development banks worsening poor country debt burdens." Reuters. 2/11/20. <https://www.reuters.com/article/us-worldbank-debt/world-bank-chief-some-development-banks-worsening-poor-country-debt-burdens-idUSKBN2050HT>

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These are aimed at setting new standards for transparency and require coordination with other multilateral lenders working with the same country.

**Answer:** Other organizations are less transparent.

**Warrant:** The IMF takes governance into account when administering financial assistance to poor countries

Research Staff of the IMF. "The IMF and Good Governance" The International Monetary Fund. IMF Factsheet. March 3, 2020.

<https://www.imf.org/en/About/Factsheets/The-IMF-and-Good-Governance>

**"Because poor governance is clearly detrimental to economic activity and welfare, the IMF adopted in 1997 a policy on how to address economic governance, embodied in the Guidance Note " The Role of the IMF in Governance Issues." To further strengthen the implementation of this policy, the IMF adopted in 2018 a new Framework for Enhanced Engagement on Governance. The framework aims to promote more systematic, effective, candid, and evenhanded engagement with member countries regarding governance vulnerabilities—including corruption—that are critical to macroeconomic performance."**

**Warrant:** International financial institutions beyond the IMF tend to lend too quickly.

Lawder, David. "World Bank chief: some development banks worsening poor country debt burdens." Reuters. 2/11/20. <https://www.reuters.com/article/us-worldbank-debt/world-bank-chief-some-development-banks-worsening-poor-country-debt-burdens-idUSKBN2050HT>

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**Analysis:** The IMF is improving with regards to transparency through reform. Even if it’s not the most transparent, the alternatives are still far worse.

## A/2: IMF aids corruption

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**Answer:** The IMF benefits the average person, which leads to better governance in the long term.

**Warrant:** The IMF (the Fund) fosters trade liberalization to facilitate balanced growth.

Mühleisen, Martin. "Trade Policy Conditionality in Fund-Supported Programs" IMF.org.

16 Feb 2001. Web. 3 Mar 2018.

<https://www.imf.org/external/np/pdr/cond/2001/eng/trade/index.htm#II>

**The Fund, the World Bank, and the World Trade Organization (WTO) share common interests and complementary objectives in the area of trade. Through efforts in their respective areas of competence, they foster the progressive liberalization of trade in goods and services.** The Fund and the Bank approach trade issues from the perspective of economic efficiency and the appropriate design and sequencing of trade reforms within an overall policy framework. **The Fund encourages market-oriented policies to improve the efficiency of resource use within an appropriate macroeconomic framework** consistent with a viable external position. **It focuses on broad-based reforms to remove the anti-export bias of the trade and exchange regimes and domestic policies.** The Fund is mandated to facilitate the expansion and balanced growth of international trade and to make its general resources available to provide members with the opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity. Consequently, **the Fund's financial assistance provides an incentive for the recipient country to liberalize its exchange and trade systems in its own interest and in the interest of other members**

**Warrant:** Trade liberalization benefits the poor and low income families.

IMF, WTO, and World Bank. "Making Trade an Engine of Growth for All." IMF.org. 23-24

Mar 2017. Web. 3 Mar 2021.

<https://www.imf.org/~media/Files/Publications/PP/041017joint-wto-wb-imf-trade-paper.ashx>

**Beyond “production-side” benefits, trade also makes a wider variety of goods and services more accessible to consumers at lower prices—a channel that tends to benefit lower-income households in particular.** This section will also touch on some of the wider “non-economic” benefits from trade. **There is a strong “pro-poor” bias in the benefits of lower prices and consumer choice that comes with trade.** Faijgelbaum and Khandelwal (2016) estimate the effect of trade-induced price changes on the real incomes of low-income and high-income households in forty different countries. Relative to a hypothetical situation where countries close off trade altogether, the effect of current levels of trade on prices has a pro-poor bias in all forty countries in their sample (Figure 11). **The pro-poor bias arises because poor consumers spend relatively more on sectors that are more traded (e.g., food and beverages) and thus experience larger price drops upon opening to trade.** Higher-income households spend relatively more on less-traded sectors (e.g., some services). 33. These important consumption-side effects of trade extend to certain other groups. **For example, single-parent households—which also typically spend more on tradable goods than households at the top of the income distribution—tend to benefit disproportionately.** The pro-poor bias is stronger in advanced economies like Japan and the United States—opening up to trade reduces the relative prices of the products on which a country is not specialized, and in advanced economies those products happen to be the ones mostly consumed by the poor. Moreover, higher trade openness reduces the incentives to pursue inflationary policies, which are themselves particularly harmful to lower-income households (Romer, 1993).

**Answer:** Globalization provides a chance to address corruption

**Warrant:** The pandemic offers globalization a chance to reset with needed reforms and regulations.

Goldin, Ian. "Why the world needs better - not less – globalization." We Forum. 14 Dec 2020. Web. 3 Mar 2021. <https://www.weforum.org/agenda/2020/12/the-world-is-divided-between-those-for-and-against-globalisation-what-if-we-just-did-it-better/>

**Globalization is the most progressive force in the history of humankind. It has heralded more rapid improvements to more people than any other human intervention.** While COVID-19 has temporarily disrupted some cogs in the chains of moving goods, services, people and – to a lesser extent ideas – that constitutes globalization, it has accelerated others. **The pandemic offers a once-in-a-lifetime opportunity to reset globalization to ensure that the benefits are more widely shared and the threats it compounds – pandemics, climate change, inequality and so on – are greatly reduced.**

**Impact:** The IMF and World Bank work together to better globalization.

Köhler, Horst. "Working for a Better Globalization". IMF.org. 15 Sept 2018. Web. 3 Mar 2021. <https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp012802>

In my understanding, the Bretton Woods Institutions—**the IMF and World Bank**—are **part of the workforce to make a better globalization. They were created in 1944 to help restore and sustain the benefits of global integration, by promoting openness,**

**trust, and international cooperation.** And despite all the criticisms, **if these institutions did not already exist they would need to be invented. They pursue a common objective of promoting broadly-shared prosperity, with a good division of labor and close partnership to increase their joint effectiveness.** The World Bank thus concentrates on long-term investment projects, institution-building, and assistance in dealing with social, environmental, and poverty issues. For its part, **the IMF focuses on the functioning of the international monetary system, and on promoting sound macroeconomic policies as a precondition for sustained growth.** Private capital flows have become the most important source of financing for growth, productivity and job creation. But they can also be a source of volatility and crisis. **This obliges the IMF to help countries take advantage of the opportunities of global capital markets while minimizing the risks, and to work for the stability of the international financial system.**

**Analysis:** The IMF's mission is not to evaluate governments, but to consider what nations need financial assistance. Providing that assistance improves governance long-term, and helps the people who need it most.

## A/2: IMF increases industrialization

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**Answer:** The IMF helps improve environmental policy.

**Warrant:** The IMF helps countries with crucial climate change finance projects

Research Staff of the IMF. "Climate, Environment, and the IMF" The International Monetary Fund. IMF Factsheet. October 2017.

<https://www.imf.org/~/media/Files/Factsheets/English/Climate.ashx>

**"On climate finance, IMF work emphasizes the crucial role of carbon pricing in effectively mobilizing private and public sources of finance, including charges for international aviation and maritime emissions. On green finance, IMF staff has provided input for the G20 Green Finance Study Group, with a focus on implications of green finance for the cost of capital, employment, and growth. On financial sector resilience, IMF staff supports initiatives that encourage consistent climate-related disclosures, prudential requirements, and stress testing (e.g., designing disclosure rules for climate risk exposure, developing best practices for stress testing climate risks, supporting work on globally consistent prudential requirements for the insurance sector, and capacity building for developing markets and instruments to manage climate risks)."**

**Warrant:** The IMF helps states with climate adaptation

Research Staff of the IMF. "Climate, Environment, and the IMF" The International Monetary Fund. IMF Factsheet. October 2017.

<https://www.imf.org/~/media/Files/Factsheets/English/Climate.ashx>

**"On climate adaptation, the IMF is helping small states and other countries enhance their macroeconomic disaster risk management frameworks, determine the appropriate combination of building buffers and risk transfer via insurance or financial market instruments, and tailor investment and growth to build resilience. 'Climate Change Policy Assessments' have been conducted for Seychelles and St. Lucia, in collaboration with the World Bank."**

**Warrant:** IMF papers have helped with difficult implementation questions around green finance

Research Staff of the IMF. "Climate, Environment, and the IMF" The International Monetary Fund. IMF Factsheet. October 2017.

<https://www.imf.org/~/media/Files/Factsheets/English/Climate.ashx>

**"Earlier IMF papers lay out core principles of green tax design and focus on case studies for Chile and Mauritius. A 2014 IMF report (covering over 150 countries) estimates taxes on fossil fuels to reflect pollution and other environmental damage associated with energy use. It also underscores the large environmental, health, and fiscal benefits from tax reform and the critical role finance ministers can play in tax administration and efficient use of revenues. A 2015 IMF paper and accompanying spreadsheet tool put the magnitude of subsidies for fossil fuel energy sources at \$5.3 trillion worldwide in 2015, including both direct fiscal costs and implicit subsidies from the failure to charge for environmental damages or to tax energy at the same rate as other consumption products."**

**Analysis:** If the primary harm of industrialization is pollution, the IMF offsets that harm by investing in climate change research and adaptation.

## A/2: IMF is not representative of the world

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**Answer:** The IMF is becoming more inclusive of other views.

**Warrant:** The IMF takes governance into account when administering financial assistance to poor countries

Research Staff of the IMF. "The IMF and Good Governance" The International Monetary Fund. IMF Factsheet. March 3, 2020.

<https://www.imf.org/en/About/Factsheets/The-IMF-and-Good-Governance>

**"Because poor governance is clearly detrimental to economic activity and welfare, the IMF adopted in 1997 a policy on how to address economic governance, embodied in the Guidance Note " The Role of the IMF in Governance Issues." To further strengthen the implementation of this policy, the IMF adopted in 2018 a new Framework for Enhanced Engagement on Governance. The framework aims to promote more systematic, effective, candid, and evenhanded engagement with member countries regarding governance vulnerabilities—including corruption—that are critical to macroeconomic performance."**

**Answer:** The IMF is committing to help underserved and underrepresented populations.

**Warrant:** The IMF is committed to African countries

Imf Survey Online, 5-22-2009, "IMF Survey: IMF Steps Up Help to Africa to Combat Crisis," IMF. 22 Jun. 2009.

<https://www.imf.org/en/News/Articles/2015/09/28/04/53/socar052209a>

Briefing more than 100 African ambassadors and diplomats in Washington ahead of his trip, Strauss-Kahn said that Africa was in many respects an innocent victim of the global crisis. In response, the IMF is stepping up its lending to Africa and other low-income countries.

- **By end-May 2009, new IMF lending to sub-Saharan Africa has already topped \$1.5 billion, double the level for 2008, and further lending to other countries is under discussion.**
- Plans to more than double concessional assistance. The IMF expects to boost concessional assistance in 2009–10 to \$3 billion a year to assist low-income countries in dealing with the fallout from the global crisis.
- **Higher access. Country limits on access to concessional Fund financing have been doubled.**
- The Fund is reforming its concessional lending instruments to make them more flexible and tailored to the needs of low-income countries.
- 24 low-income countries have received debt relief from the IMF totaling about \$6 billion.

**Warrant:** IMF loans are particularly useful and necessary now that China also gives loans to African countries

**Warrant:** Sub Saharan Africa needs financial assistance which the IMF provides

Abebe Salassie. 10-22-2020, "Sub-Saharan Africa's Difficult Road to Recovery," IMF Blog. 22 Oct. 2020. Web. 7 Mar. 2021. <https://blogs.imf.org/2020/10/22/sub-saharan-africas-difficult-road-to-recovery/>

**Without significant additional financial assistance, many sub-Saharan African countries will struggle to simply maintain macroeconomic stability while meeting the basic needs of their populations. The IMF has taken swift action to cover a significant portion of the region's needs by providing about \$16 billion financing this year alone to 33 countries and immediate debt service relief to 22 of the poorest, most**

**vulnerable sub-Saharan African countries.** We are working with countries to put in place governance mechanisms to help ensure that the funds benefit their people as intended. We have also worked with the G20 to suspend debt service payments to official bilateral creditors and welcome the extension of the Debt Service Suspension Initiative. But more help is needed. Sub-Saharan Africa faces additional financing needs of \$890 billion through 2023. Private financial flows are expected to fill less than half of that need, while current commitments from international financial institutions and bilateral donors will cover only one-quarter of the need. Under that scenario, the region still faces a projected financing gap of \$290 billion through 2023.

**Analysis:** The IMF has rightly been criticized in the past for being dominated by Western powers, but it has taken great steps to refocus and reconsider the needs of individual nations.

### A/2: IMF helps dictatorships

**Answer:** Financial assistance is good regardless of who a country's leader is.

**Warrant:** It is the mission of the IMF to ensure the stability of financial systems.

Gopinath, Gita. "Globalization: A Framework for IMF Involvement". IMF.org. Mar 2002.

Web. 3 Mar 2021.

<https://www.imf.org/external/np/exr/ib/2002/031502.htm#:~:text=The%20IMF%20seeks%20to%20mitigate,capital%20markets%2C%20while%20reducing%20their%20vulnerability%20to%20adverse%20shocks%20or%20changes%20in%20investor%20sentiment>

**"The IMF seeks to mitigate the negative effects of globalization on the world economy in two ways: by ensuring the stability of the international financial system, and by helping individual countries take advantage of the investment opportunities offered by international capital markets, while reducing their vulnerability to adverse shocks or changes in investor sentiment.** Private capital flows have become the most important source of financing for economic growth, job creation, and productivity. But they can also be a source of volatility and crisis. To address some of these problems, **the IMF is encouraging its members to increase the transparency of their financial and corporate sectors as a means to reduce financial abuse, such as money laundering and fraud, and ensure a level playing field for all investors. It is also stepping up its surveillance of international capital markets, and is improving its ability to predict and preempt crises.**

**Warrant:** The IMF has an important role in promoting economic stability at any time.

Alina HAGIU & Luiza Madalina APOSTOL, 2017. "The Role Of The International Monetary Fund In Promoting Global Economic Stability," Scientific Bulletin - Economic

Sciences, University of Pitesti, vol. 16(3), pages 90-103.

[http://economic.upit.ro/repec/pdf/2017\\_3\\_13.pdf](http://economic.upit.ro/repec/pdf/2017_3_13.pdf)

As part of its comprehensive efforts to improve surveillance, in July 2015, the Executive Committee adopted the Integrated Surveillance Decision to strengthen the legal framework for monitoring. In September 2015, the Council approved a Financial Supervision Strategy that proposed concrete measures to strengthen IMF monitoring activities. **These actions help to ensure that the IMF is in a position to address the issues of membership policy in terms of global stability, to more closely monitor the members' external sectors, to better involve members in a global, constructive dialogue to better protect the functioning of the international monetary system and to support global economic and financial stability.** In recent years, **the IMF has taken major initiatives to strengthen its surveillance to respond to a globalized and interconnected world. These initiatives include reconsideration of the legal framework for supervision, deepening of risk and spreads analysis, strengthening financial systemic supervision of systemic risk, stepping up evaluations of external members' positions and responding more quickly to the concerns of membership.** The IMF is based on the analysis of cross-border risks and spreads in international fora, such as the G20 and the Financial Stability Board, to promote policies that support global sustainable growth and financial stability. **The IMF increases risk assessments so that potential problems can be identified and appropriate policy responses develop more effectively. The IMF conducts a half-year early warning exercise to identify and assess the low probability but with high impact risks to the global economy. It also conducts specific exercises to assess vulnerabilities and emerging risks in advanced, emerging and low-income individual countries.**

**Warrant:** The IMF is a safety net for financial crisis.

Masters, Jonathan and Chatzky, Andrew. "The IMF: The World's Controversial Financial Firefighter." Council on Foreign Relations. 20 August 2020. Web. 3 Mar 2021. <https://www.cfr.org/backgrounder/imf-worlds-controversial-financial-firefighter>

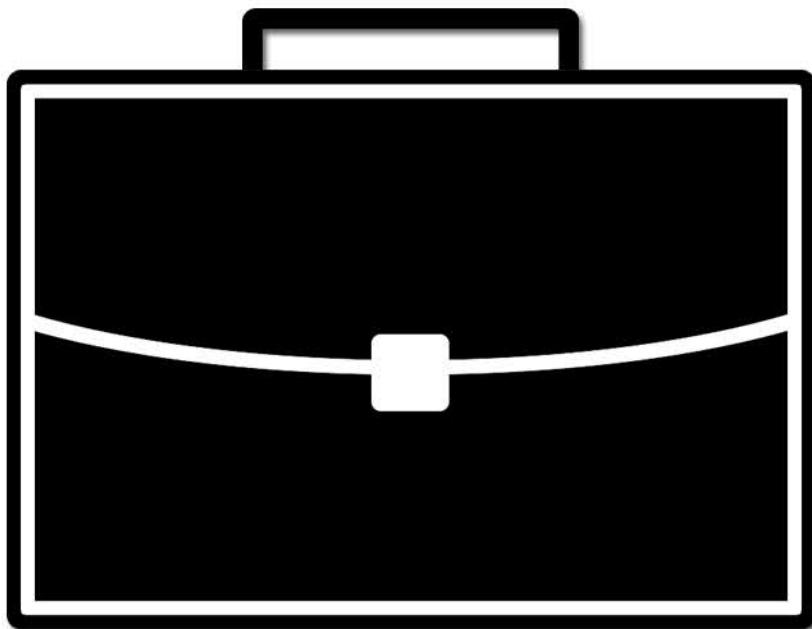
**The IMF has been called the world’s “financial crisis firefighter,” relied on by member countries to deal with crippling sovereign debt and prevent contagion from spreading through the global financial system. A member country—there are 189 members as of 2020—typically summons the IMF when it can no longer finance imports or service its debt to creditors, a sign of potential crisis. The fund will extend the government a loan and help organize a new debt-repayment schedule that the country can manage. In exchange, the member agrees to implement IMF reforms designed to rectify its balance of payments and restore foreign exchange reserves in its central bank.** The lending conditions are designed not only to guarantee the repayment of loans but also to ensure the money borrowed will be spent in line with the stated economic objectives. The IMF cannot force its will on member countries; countries accept the fund’s conditioned financial assistance on a voluntary basis. **Some economists characterize the fund’s performance in the Asian financial crisis of 1997–98 as a success. They argue that the economic reforms championed by the IMF allowed the countries involved to recover quickly and laid the foundation for sustained growth during the 2000s. Others point to the fund’s role in Brazil in 2002 as positive: an early recovery there after intervention allowed IMF loans to be repaid ahead of schedule.**

**Analysis:** Even if it’s true that the IMF supports dictatorships, it’s not a political institution but a financial one. Its job is to promote financial security on a global scale, which saves countless lives.

# Champion Briefs

## April 2021

### Public Forum Brief



## Con Arguments

### CON: IMF increases poverty

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**Argument:** the international monetary fund (IMF) increases poverty

**Warrant:** empirically the IMF increases poverty

Mark Weisbrot, 8-27-2019, "The Imf Is Hurting Countries It Claims To Help," Guardian,  
<https://www.theguardian.com/commentisfree/2019/aug/27/imf-economics-inequality-trump-ecuador>

To see what the problem looks like, consider a recent IMF loan. **In March, Ecuador signed an agreement to borrow \$4.2bn from the IMF over three years, provided that the government would adhere to a certain economic program spelled out in the arrangement.** In the words of Christine Lagarde – then the IMF chief – this was “a comprehensive reform program aimed at modernizing the economy and paving the way for strong, sustained, and equitable growth”. But is it? **The program calls for an enormous tightening of the country’s national budget – about 6% of GDP over the next three years.** (For comparison, imagine tightening the US federal budget by \$1.4 trillion, through some combination of cutting spending and raising taxes). **In Ecuador, this will include firing tens of thousands of public sector employees, raising taxes that fall disproportionately on poor people, and making cuts to public investment.** The overall impact of this large fiscal tightening will be to push the economy into **recession.** The IMF’s projections are for a relatively mild recession until next year, but it will likely be much deeper and longer – as often happens with IMF programs. Unemployment will rise – even the IMF program projections acknowledge that – and so will poverty. One reason that it will likely turn out much worse than the IMF projects is that the program relies on assumptions that are not believable. For example, the IMF projects that there will be a net foreign private sector inflow into the economy of \$5.4bn (about 5% of GDP) for 2019–2022. But if we look at the last three years, there

**was an outflow of \$16.5bn (17% of GDP).** What would make foreign investors suddenly so much more excited about bringing their money to Ecuador? Certainly not the recession that even the IMF is projecting.

**Warrant:** IMF's COVID policies increase poverty

Oxfam, 10-12-2020, "Over 80 per cent of IMF Covid-19 loans will push austerity on poor countries," ReliefWeb, <https://reliefweb.int/report/world/over-80-cent-imf-covid-19-loans-will-push-austerity-poor-countries>

Comes after the World Bank projected that up to 115 million more people will fall into extreme poverty this year, the first increase in more than two decades. **Ana Arendar, Oxfam Head of Inequality Policy** said: "**At a time when the progress against poverty is being set back decades, this is exactly the wrong instruction for the IMF to be giving poor countries. It is nothing short of unacceptable that the IMF is using its power to make life harder for people already struggling to survive. Millions more people are likely to be left without healthcare or income support while they search for work, thwarting any hope of a sustainable recovery.**" This austerity drive will hurt the countries it claims to help and flies in the face of the fund's own research findings, showing it worsens poverty and inequality. The IMF must not repeat the mistakes it made in the aftermath of the 2008 financial crisis, **where ordinary people paid the price for austerity measures.** Instead, it should press countries to boost investments in universal health and education and ensure the richest individuals and large corporations pay their fair share of tax." **Countries which receive loans are being encouraged to roll back social protections put in place since the beginning of the pandemic**

**Warrant:** the IMF increases poverty due to structural barriers

Easterly, William. "IMF and World Bank structural adjustment programs and poverty." In Managing currency crises in emerging markets, pp. 361-392. University of Chicago Press, 2003. <https://www.nber.org/system/files/chapters/c9656/c9656.pdf>

At the same time, **there has been a long-standing criticism from the left of World Bank and IMF structural adjustment programs as disproportionately hurting the poor: When the International Monetary Fund (IMF) and World Bank arrive in southern countries, corporate profits go up, but so do poverty and suffering.** Decades of promises that just a little more “short-term” pain will bring long-term gain have exposed the IMF and World Bank as false prophets whose mission is to protect those who already control too much wealth and power. A report published today by the World Development Movement (WDM) shows that the International Monetary Fund’s (IMF) new Poverty Reduction Strategies are acting as barriers to policies benefiting the world’s poorest people. Many developing countries suffered . . . sustained increases in prosperity, accompanied by dramatic increases in inequality and child poverty . . . under the auspices of IMF and World Bank adjustment programmes. In country after country, structural adjustment programs (SAPs) have reversed the development successes of the 1960s and 1970s, with . . . millions sliding into poverty every year. Even the World Bank has had to accept that SAPs have failed the poor, with a special burden falling on women and children. Yet together with the IMF it still demands that developing countries persist with SAPs.

**Warrant:** metanalysis shows the IMF increases poverty

Doris A. Oberdabernig, Revisiting the Effects of IMF Programs on Poverty and Inequality, World Development, Volume 46, 2013, Pages 113-142, ISSN 0305-750X,  
<https://doi.org/10.1016/j.worlddev.2013.01.033>.  
(<https://www.sciencedirect.com/science/article/pii/S0305750X13000399>)

Although the findings of this study should be interpreted with the appropriate caution we can be confident in stating that in our 1982–2009 sample **the relatively bigger part of the costs connected to the adjustment process inherent to IMF agreements is borne out by lower income classes, leading to a worsening of income equality and a rise in poverty. Participation in IMF programs is found to go hand in hand with an increase in poverty, measured by the number of people living below poverty income, as well as by the income shortfall of those people from the poverty line. The effect on poverty is strongest in the year the program is implemented and declines as program participation is included in the estimations with a 1 year time lag.** The significant influence of an IMF agreement on poverty vanishes when it enters the equations two years lagged.<sup>53</sup> Concerning the distribution of income, inequality, both, measured before and after redistribution rises due to the implementation of IMF programs.<sup>54</sup> Two years lagged program participation ceases to significantly affect the income distribution.

**Impact:** Poverty negatively impacts health

Patricia Czapp, Kevin Kovach, 2015, "Poverty and Health," American Academy Of Family Physicians, <https://www.aafp.org/about/policies/all/poverty-health.html#effects>

**Poverty and low-income status are associated with a variety of adverse health outcomes, including shorter life expectancy, higher rates of infant mortality, and higher death rates for the 14 leading causes of death.**<sup>4,5</sup> These effects are mediated through individual- and community-level mechanisms.<sup>6</sup> For individuals, poverty restricts the resources used to avoid risks and adopt healthy behaviors.<sup>7</sup> Poverty also affects the built environment (i.e., the human-made physical parts of the places where people live, work, and play, including buildings, open spaces, and infrastructure), services, culture, and reputation of communities, all of which have independent effects on health outcomes.<sup>8</sup> **Location matters, and there are often dramatic differences in health care delivery and health outcomes between communities that are only a few miles apart.**

For example, the Robert Wood Johnson Foundation (RWJF) found that **there is a 25-year difference in average life expectancy between inner city and suburban neighborhoods for babies born in New Orleans, LA, and there is a 14-year difference in average life expectancy between two Kansas City, MO, neighborhoods that are roughly three miles apart.**

**Impact:** specifically, poverty in low income countries impacts health

Peters et al, 7-25-2008, " Poverty and Access to Health Care in Developing Countries  
New York Academy of Sciences,  
<https://nyaspubs.onlinelibrary.wiley.com/doi/10.1196/annals.1425.011>

In the next section, we review the evidence on disparities in determinants and dimensions of access to health services in low- and middle-income countries (LMICs), first looking across countries and then within them. **At the national level, poorer countries tend to have less access to health services than wealthier ones. LMICs account for 90% of the global burden of disease but for only 12% of global spending on health.**<sup>24</sup> High-income countries spend about 100 times more on health per capita than low-income countries (US\$3039 versus US\$30).<sup>24</sup> It is thus not surprising that the density of health workers and hospital beds per population are much lower in LMICs than in high-income countries, decreasing the availability of services to many of the world's poor (Table 1). Furthermore, **the poorer the country, the larger the amount of total health spending that is out of pocket.** On average, more than 60% of the meager spending in low-income countries is from out-of-pocket payments, compared with about 20% in high-income countries.<sup>24</sup> As discussed below, out-of-pocket payments for health care are usually the most inequitable type of financing because they tend to hit the poor the hardest by being a barrier to health care or by denying individuals financial protection from catastrophic illness.

**Analysis:** this argument is pretty stock and can be used to delink opponents from many positive impacts of the IMF, especially with a poverty specific framework. For example, if you say we should prefer impacts that target those in low income situations you can warrant this by saying a corporation losing 10% of its profits may miss a stock boost but an individual in a low income situation missing 10% of their earning may not be able to afford health care. The argument that IMF loves corporations can be persuasive to lay judges.

### CON: IMF increases income inequality

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**Argument:** the IMF increases income inequality specifically for low income individuals

**Warrant:** Data shows IMF programs drive income inequality.

Valentin Lang, 12-2-2020, "The economics of the democratic deficit: The effect of IMF programs on inequality," Review of International Organizations,  
<https://link.springer.com/article/10.1007/s11558-020-09405-x>

To answer this question, this article introduces a new empirical strategy for determining the effects of IMF programs that exploits the heterogeneous effect of IMF liquidity on loan allocation based on a difference-in-differences logic. **The results show that IMF programs increase income inequality. An analysis of decile-specific income data shows that this effect is driven by absolute income losses for the poor and not by income gains for the rich.** The effect persists for up to 5 years, and is stronger for IMF programs in democracies, and when policy conditions, particularly those that demand social-spending cuts and labor-market reforms, are more extensive. **These results suggest that IMF programs can constrain government responsiveness to domestic distributional preferences.**

**Warrant:** IMF increases income inequality by reducing government spending

Bernhard Reinsberg, 7-17-2019, "IMF says it cares about inequality. But will it change its ways?," Conversation, <https://theconversation.com/imf-says-it-cares-about-inequality-but-will-it-change-its-ways-120105>

First, **the IMF set expenditure reduction targets for borrowing countries.** These so-called austerity measures were meant to balance the budget. **But cuts in government**

**spending can widen income inequalities because low-income households often depend on government transfers.** For example, a lending programme with Togo mandated such reforms between 2008 and 2011. Over this period, **income inequality rose by 3.7%** (from 0.379 in 2007 to 0.393 in 2012).

**Warrant:** IMF removes restrictions on trade that increase income inequality

Bernhard Reinsberg, 7-17-2019, "IMF says it cares about inequality. But will it change its ways?" Conversation, <https://theconversation.com/imf-says-it-cares-about-inequality-but-will-it-change-its-ways-120105>

Second, **the IMF repeatedly mandated the removal of restrictions to trade and financial flows. Policies promoting international economic openness can increase demand for skilled labour in developing countries. But low-skilled labour typically loses out, and income inequality increases.** Financial development and capital account liberalisation also favours individuals with access to financial capital and services. In developing countries, these tend to be people with high incomes. For instance, Sri Lanka had to establish a flexible exchange rate regime to qualify for financial assistance in 2001 (which lasted until 2005). Under the tutelage of the IMF, the Gini coefficient of disposable income increased by 5.6% between 2000 and 2006.

**Warrant:** the IMF increases earnings for top wage earners

Bernhard Reinsberg, 7-17-2019, "IMF says it cares about inequality. But will it change its ways?" Conversation, <https://theconversation.com/imf-says-it-cares-about-inequality-but-will-it-change-its-ways-120105>

Third, **the IMF typically called for reforms on monetary policy, initiated the privatisation of financial institutions, and specified targets for the inflation rate. These**

**measures can increase investor confidence, the benefits of which are mostly felt by individuals with high incomes.** For example, in 1982, a lending arrangement with Guatemala included restrictions on the growth of bank lending to the private sector, domestic credit, and credit to the public sector. **One year after the programme ended, in 1985, the income Gini was 0.482. This was 0.8% higher than when Guatemala negotiated lending terms with the IMF in 1981.**

**Quantification:** IMF increases income inequality by 6.5% a year

Bernhard Reinsberg, 7-17-2019, "IMF says it cares about inequality. But will it change its ways?", Conversation, <https://theconversation.com/imf-says-it-cares-about-inequality-but-will-it-change-its-ways-120105>

We examined how policy reforms prescribed in IMF lending programmes affected income inequality for developing countries between 1980 and 2014. **We found increases in income inequality by on average 6.5% a year once the programme commenced.** These effects persisted for three years. Our measure of income inequality was the Gini coefficient. A score of 0 means income is equal for everyone in the country; 1 indicates one person earns all the income. For example, **the US had an income Gini of 0.379 in 2014. During the period we studied, the Gini coefficient for developing countries with IMF programmes ranged from 0.228 (Belarus, in 1996) to 0.571 (Papua New Guinea in 1996)**

**Impact:** income inequality risks collapse by concentrating power in the hands of a few

Era Dabla-Norris, 6-1-2015, "Causes and Consequences of Income Inequality," IMF eLibrary [https://www.elibrary.imf.org/view/IMF006/22594-9781513555188/22594-9781513555188\\_A001.xml?language=en&redirect=true#:~:text=Widening%20in](https://www.elibrary.imf.org/view/IMF006/22594-9781513555188/22594-9781513555188_A001.xml?language=en&redirect=true#:~:text=Widening%20in)

equality%20also%20has%20significant,instability%2C%20and%20raise%20crisis%20risk.

Equality, like fairness, is an important value in most societies. Irrespective of ideology, culture, and religion, people care about inequality. **Inequality can be a signal of lack of income mobility and opportunity—a reflection of persistent disadvantage for particular segments of the society. Widening inequality also has significant implications for growth and macroeconomic stability, it can concentrate political and decision making power in the hands of a few, lead to a suboptimal use of human resources, cause investment-reducing political and economic instability, and raise crisis risk. The economic and social fallout from the global financial crisis and the resultant headwinds to global growth and employment have heightened the attention to rising income inequality.**

**Analysis:** it is easy to prove that income inequality is linked to the IMF with causal evidence, however it is difficult to make the impacts tangible. Every team should have the warrants from the Reinsberg evidence in their block file- it's written by professors in a very understandable way making it great for lay judges

### CON: IMF is neoliberal

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**Argument:** the IMF is inherently a tool of neoliberalism

**Warrant:** The IMF is based on neoliberal assumptions

Emeagwali G. (2011) The Neo-Liberal Agenda and the Imf/World Bank Structural Adjustment Programs With Reference To Africa. In: Kapoor D. (eds) Critical Perspectives on Neoliberal Globalization, Development and Education in Africa and Asia. SensePublishers. [https://doi.org/10.1007/978-94-6091-561-1\\_1](https://doi.org/10.1007/978-94-6091-561-1_1)

**Underlying the IMF/World Bank SAPs of the 1980s and early 1990s were some basic assumptions, some of which can be traced to Adam Smith's highly influential economic**

treatise, namely, An Inquiry into the Nature and Causes of the Wealth of Nations, first published in 1776 (Smith, 2009). **Self-interest, non-interventionism by the state, and confidence in the price mechanism would be among Smith's basic assumptions.**

Smithian theory also implied the sanctity of private property and a belief that inequality was necessary for growth to take place. Some of **these assumptions would become crucial for supporters of the free market model and laissez-faire policies.**

Joseph Stiglitz recently pointed out that Kenneth Arrow and Gerard Debreu, using a model designed by Leon Walras, a French mathematician and economist, tried to demonstrate one of the essential arguments of Smith, namely, that markets were essentially efficient (Stiglitz, 2010).

By so doing they would provide additional theoretical basis for supporters of the market model, and by implication, **for the IMF, which basically operated on the assumption that markets by themselves 'lead to efficient outcomes'**

(Stiglitz, 2010). The IMF/World Bank Structural Adjustment Program of the 1980s and 90s were indeed variants of the market model. As earlier **discussed, among their core propositions were the assumptions that privatization was a necessary process for development, and that embryonic infant industries could coexist with free trade**

**Warrant:** Structural Adjustment Programs served neoliberal and Western goals

Emeagwali G. (2011) The Neo-Liberal Agenda and the Imf/World Bank Structural Adjustment Programs With Reference To Africa. In: Kapoor D. (eds) Critical Perspectives on Neoliberal Globalization, Development and Education in Africa and Asia. SensePublishers. [https://doi.org/10.1007/978-94-6091-561-1\\_1](https://doi.org/10.1007/978-94-6091-561-1_1)

One may detect several underlying goals of the IMF and the World Bank. Firstly, it would seem that the SAPs were designed to implement US foreign policy as dictated by Wall Street and Corporate America, through the Public Action Committees and the Treasury Department. Secondly, it was aimed at the transfer of steady capital flows to U.S Western companies through debt repayment and debt servicing, at all cost, even in the light of the 70% decline in Africa's economic growth between 1980 and 2000 (Bello, 2003). This in effect meant a transfer of assets through privatization schemes in particular. Thirdly the SAPs were aimed at socialization of the debt through subsidy removal so that the burden of repayment fell on entire African populations, particularly on women and children and the most vulnerable (Emeagwali, 1995). This meant that creditors, money lending agencies and corporate executives would be rescued. Fourthly, it would seem that some of the overzealous neo-conservatives were now in search of 'nation states without borders' and sought to create a pan-global elite of financiers and investors, answerable to none. Fifthly, it would seem that one of the aims of neo-con activism was the integration of African economies into the global economy, to facilitate high rates of profit, in exchange for cheap wages and cheap resources, at minimal rates of remuneration and compensation. Sixthly, one may see the SAPs as directly related to US deficit financing (Hudson, 2003). According to Hudson, the World Bank and the IMF would become facilitators of compulsory lending to the United States Treasury by way of Central Banks around the world.

Moreover, countries in Africa and elsewhere were trapped within a web of control, which Hyatt characterized as 'a Marshall Plan in reverse'

**Warrant:** despite reforms, the IMF remains neoliberal

Babb, Sarah L., and Alexander E. Kentikelenis. "International financial institutions as agents of neoliberalism." *The SAGE handbook of neoliberalism* (2018): 16-27.  
[http://www.kentikelenis.net/uploads/3/1/8/9/31894609/babbkentikelenis2018-international\\_financial\\_institutions\\_as\\_agents\\_of\\_neoliberalism.pdf](http://www.kentikelenis.net/uploads/3/1/8/9/31894609/babbkentikelenis2018-international_financial_institutions_as_agents_of_neoliberalism.pdf)

It cannot be denied that there have been some real changes in IFI practices. For instance, the World Bank targeted more of its lending toward programs that would directly benefit the poor (Babb, 2009: 167–8), and the IMF began to embed social spending targets in its loan conditionality (Grabel, 2011). However, **the evidence suggests that behind the IFIs' post-neoliberal rhetoric and well-advertised reforms a great deal of neoliberal substance remains** (Stubbs and Kentikelenis, 2017; Stubbs et al., 2017). A recent study of IMF conditionality through 2014 concluded that the advertised organizational changes represent window-dressing, with few departures from the IMF's standard neoliberal policy advice (Kentikelenis et al., 2016). An important example is labor market reforms – a cornerstone of neoliberal restructuring across the world – **which are still part of IMF lending programs and include public sector layoffs, pension reductions, and the dismantling of collective wage agreements.** The IMF's own Independent Evaluation Office found that conditionality remained '**very detailed, not obviously critical, and often felt to be intrusive'** (IEO, 2007: vii).

**Impact:** neoliberalism is the root cause of many health problems

George Monbiot, 4-15-2016, "Neoliberalism – the ideology at the root of all our problems," *Guardian*,

<https://www.theguardian.com/books/2016/apr/15/neoliberalism-ideology-problem-george-monbiot>

**Neoliberalism sees competition as the defining characteristic of human relations. It redefines citizens as consumers, whose democratic choices are best exercised by buying and selling, a process that rewards merit and punishes inefficiency.** It maintains that “the market” delivers benefits that could never be achieved by planning. **Attempts to limit competition are treated as inimical to liberty. Tax and regulation should be minimised, public services should be privatised. The organisation of labour and collective bargaining by trade unions are portrayed as market distortions that impede the formation of a natural hierarchy of winners and losers. Inequality is recast as virtuous:** a reward for utility and a generator of wealth, which trickles down to enrich everyone. **Efforts to create a more equal society are both counterproductive and morally corrosive. The market ensures that everyone gets what they deserve.** We internalise and reproduce its creeds. **The rich persuade themselves that they acquired their wealth through merit, ignoring the advantages – such as education, inheritance and class – that may have helped to secure it. The poor begin to blame themselves for their failures, even when they can do little to change their circumstances. Never mind structural unemployment:** if you don’t have a job it’s because you are unenterprising. Never mind the impossible costs of housing: if your credit card is maxed out, you’re feckless and improvident. Never mind that your children no longer have a school playing field: if they get fat, it’s your fault. In a world governed by competition, those who fall behind become defined and self-defined as losers. **Among the results,** as Paul Verhaeghe documents in his book *What About Me?* **are epidemics of self-harm, eating disorders, depression, loneliness, performance anxiety and social phobia.** Perhaps it’s unsurprising that Britain, in which neoliberal ideology has been most rigorously applied, is the loneliness capital of Europe. We are all neoliberals now.

**Impact:** neoliberal ideology prevents peace

Kirk, Gwyn, and Margo Okazawa-Rey. "Neoliberalism, Militarism, and Armed Conflict."

Social Justice 27, no. 4 (82) (2000): 1-17. Accessed March 8, 2021.

<http://www.jstor.org/stable/29768029>.

Talbot emphasizes the profits to be made from rebuilding infrastructure destroyed by war in Yugoslavia and the maneuvering for contracts that began as soon as the bombing stopped. **Neoliberal imperatives mean that peace agreements do not address the root causes of conflict or make provisions for meaningful reconciliation or reparations** (Lipschutz and Jonas, 1998). Rather, **their goal is to provide short-term efforts to patch up and "normalize" the situation so that "business as usual" can resume as quickly as possible**. Adel Samara provides an example of this in the tenth article, arguing that **the Oslo peace accords are entirely based on neoliberal assumptions that are shared by the Palestinian Authority (PA) and the Israeli state. Areas of the West Bank and Gaza under the jurisdiction of the PA remain dominated by Israeli economic policies and subordinate to prescriptions of the World Bank and the International Monetary Fund**. Samara urges the PA to delink from the Israeli economy as quickly as possible and to give priority to "food security, basic needs, and the protection of independent producers, especially those cultivating the land," as happened during the intifada when investments were directed toward survival needs.

**Analysis:** this argument addresses the neoliberal assumptions behind the IMF. Prior to using this argument in rounds, teams need to speak with their coaches on how to run kritiques, what neoliberalism is, and how to run alternatives. Lay judges are unlikely to understand this argument.

### CON: IMF is bad for Ecuador

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**Argument:** The IMF has been historically bad for Ecuador and bad for its people

**Warrant:** IMF's government has been forced to cut spending due to the IMF

Wilma Salgado, 10-11-2019, "Ecuador: Lenin Moreno's government sacrifices the poor to satisfy the IMF," Council on Hemispheric Affairs, <https://www.coha.org/ecuador-lenin-morenos-government-sacrifices-the-poor-to-satisfy-the-imf/>

**Ecuador's President Lenin Moreno has been cutting government spending since signing an Extended Fund Facility (EFF) agreement with the International Monetary Fund (IMF) in February of this year. This policy has benefited multinational corporations, the banks, and in general, powerful economic groups at the expense of the middle and working classes, who are being pushed toward poverty and extreme poverty.** In the context of the IMF negotiations the administration issued a law ironically called “the Organic Law to Foster Productivity, Attract Investment, and Create Jobs, Stability, and a Balanced Budget,” which has been in force since August of 2018. **The law brought neoliberalism back to the country by instituting a policy to reduce the budget deficit and national debt, which have now become the top priorities.** The law contemplates the collection of interest, fines, and other charges for outstanding obligations with several government institutions: the Internal Revenue Service (SRI), decentralized autonomous governments, the Office of the Superintendent of Businesses, the Ecuadorian Institute of Credit for Education and Scholarships, state enterprises, and even the Ecuadorian Social Security Institute (IESS). **On the day that the Law entered into force the private sector owed the government US\$4,291,200,00 (almost \$4.3 billion)—for unpaid income tax alone—not counting interest. This figure is higher than the total credit granted by the IMF. The IMF loan is for \$4.2 billion and will be paid in installments if the country is deemed to be complying with the IMF conditions.** The list of **big winners** from the new policy is topped by **fossil fuel corporations:** Andes Petróleum Ecuador LTD , which owed US\$396.2 million, of which

US\$228.3 million would be forgiven; Oleoducto de Crudos Pesados, OCP, which owed US\$347.7 million and would be forgiven US\$194.4 million

**Warrant:** Ecuador's response to COVID has been worsened due to the IMF

Allison Corkery et al, 8-29-2020, "Austerity is killing Ecuador. The IMF must help end this disaster," Guardian,

<https://www.theguardian.com/commentisfree/2020/aug/29/ecuador-austerity-imf-disaster>

Despite its failure in every country where it has been **applied, the IMF continues to promote austerity as a solution to sovereign debt concerns. In Ecuador, the effects of these policies have been particularly disastrous, wreaking havoc on the country's economy as well as its healthcare system – and leading to systematic violations of the economic and social rights that the Ecuadorian constitution and international law protect.** In a word, **austerity in Ecuador has become a vector for the health, economic and social crises of Covid-19. The IMF has the influence – and responsibility – to end it.** The IMF does not bear this responsibility alone. The government of Lenín Moreno is also bound to protect human rights, which its austerity policies fail to do. In the healthcare sector alone, public investment was reduced by almost two-thirds (falling by 64%) between 2017 and 2019. **Cuts continued in 2020 in line with IMF guidelines. In March 2019, Moreno signed a credit agreement with the IMF for \$4.2bn, with the expectation that the country address its fiscal deficit, including by “strengthening controls over spending commitments” and “realigning the public sector wage bill”.** This led to the dismissal of 3,680 workers from the ministry of public health in 2019 (4.5% of total employment in this ministry) – just before the worst public health crisis in decades. The results have been predictably terrible. **The cuts have exacerbated the country's vulnerability to the Covid-19 pandemic, contributing to one of the deadliest outbreaks of the coronavirus worldwide. The country's marginalized populations have**

**been disproportionately affected: Indigenous peoples, Afro-descendants, women, older people, informal workers and families in the lowest-income quintiles, who are more dependent on public services.** Ecuador's debt obligations are leading the government to prioritize advance payment of foreign debt servicing over basic care for its citizens. The terms agreed for the restructuring process – the deadline for which is just days away – are extremely disadvantageous: although Ecuador's bonds fell to 35% of their value due to the pandemic, the renegotiation guarantees its creditors 59% of the current value. While this allowed the country to relieve some pressure to deal with the pandemic, it in no way resolves the current debt crisis.

**Impact:** Ecuador's response to COVID led to 20,000 excess deaths due to the IMF

Pablo Iturralde, 7-16-2020, "The IMF's role in the devastating impacts of Covid-19 – the case of Ecuador," Bretton Woods Project,  
<https://www.brettonwoodsproject.org/2020/07/the-imfs-role-in-the-devastating-impacts-of-covid-19-the-case-of-ecuador/>

**In Ecuador, the impact of the coronavirus is one of the most devastating in the world, severely exacerbated by the IMF-backed policies implemented before the crisis. Yet, even now, Ecuador is undergoing IMF-mandated structural reforms that further dismantle its health system and suppress economic growth, just when it is necessary to increase public investment and delay fiscal austerity measures to overcome the crisis caused by the pandemic. In June, the Financial Times placed Ecuador first in the world ranking of excess mortality, with the civil registry documenting 20,000 excess deaths during the Covid-19 crisis.** While it should be clear that not all these deaths were directly caused by the virus, they must be added to the excess victims from other serious or chronic ailments that could have been treated and perhaps saved, had the health system not collapsed so completely. **The evident weakness of the country's public health system is the result of six years of fiscal austerity measures endorsed by**

**the IMF, including a fall of 64 per cent in public investment in the health sector in just the last two years.** Reflecting the implications of these policies, **just five days after the start of the quarantine, the health minister resigned, explaining that she could not face a health emergency without resources and stated that, “no budget allocation has been received from the competent authority to emergency management.”**

**Analysis:** This argument is hyper specific on one country offering a micro-view of IMF issues. This can be specifically linked to the COVID crisis, as cuts became specific to the health industry. Ultimately, the argument's biggest strength and weakness is its small scope. Teams should be able to win the probability and timeframe analysis, however the scope may be more difficult to weigh.

### CON: IMF is bad for human rights

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**Argument:** the international monetary fund decreases the human right standards in countries

**Warrant:** The IMF does not respect human rights, instead they respect financial growth

Eric Toussaint, 10-25-2020, "The World Bank, the IMF and the respect of human rights – CADTM," CADTM, <https://www.cadtm.org/The-World-Bank-the-IMF-and-the-respect-of-human-rights>

As Jean-Philippe Peemans so accurately points out: "In any case, from the currently predominant western perspective, **human rights are seen first and foremost as concerning individual freedom of action, non-interference in private business, the right to dispose freely of property, and above all, the obligation of the State to refrain from any act that violates the individual freedom to invest time, capital and resources in production and exchange** ... For neo-liberals, social and cultural demands can be seen as legitimate aspirations, but never as rights ... the neo-liberal view rejects any collective approach to the question of rights. The individual is the only entity capable of demanding rights, and even those who violate rights are necessarily individuals who must take full responsibility for their actions. The violation of rights cannot be attributed to organizations or to structures" [1]. The World Bank, like **the IMF, takes refuge in this postulate to divest itself of all responsibility in terms of respect for economic, social and cultural rights**. Yet **these rights are inseparable from civil and political rights: it is impossible to respect individual rights if collective rights are not taken into account**. As **multilateral institutions, the World Bank and the IMF are bound by the application of international treaties and the rights, both individual and collective, that are declared therein**. Transparency and good governance are standards that apply to all. The international financial institutions demand them from the governments of indebted countries, but feel free to ignore them when it comes to their own affairs. The

obligation to evaluate and report on actions taken should not be limited to States but also extend to the private sector, and even more importantly, to the sphere of international organizations, since their activities, policies and programmes have a major impact on human rights [2]. **Structural adjustment programmes have such negative consequences for economic, social and cultural rights** (particularly among the most vulnerable), **as well as for the environment, that these institutions should be obliged to account for their actions.** Structural adjustment is no respecter of human rights In spite of the international texts that provide the legal framework for the protection of human rights, the IMF and the World Bank “operate according to the logic of private financial enterprise and world capitalism, with little consideration for the social and political consequences of their actions”

**Warrant:** Even compared to the World Bank, the IMF has poor human rights

Kanaga Raja., 10-19-2017, "IMF should abandon "failed policies", says Human Rights rapporteur," Social Watch, <https://www.socialwatch.org/node/17910>

This is the view of the Independent Expert on the promotion of a democratic and equitable international order, Mr Alfred de Zayas (of the United States), in a report presented to the seventy-second session of the UN General Assembly in New York. Bearing in mind that power dynamics are changing the international order, **it is time for the World Bank and IMF to revisit their Articles of Agreement and discover their new vocation to promote development and human rights through "smart" lending practices** that benefit not only banks and speculators, but billions of human beings, he said. **Unlike the World Bank**, which is increasingly aware of the risks and the consequences of its activities and which undertakes to investigate and take action, **IMF still appears more committed to the obsolete neoliberal economic model, he noted.** According to a UN news release, in presenting his report on 17 October, Mr De Zayas said: "I deplore the fact that **the lending practices of the international financial**

institutions sometimes go against the aims of the United Nations, not just in the field of human rights, but also in achieving the Sustainable Development Goals." "The IMF currently imposes conditions which discourage social spending and therefore hinder States' fulfilment of their human rights obligations. Often these conditions increase unemployment, lower standards governing labour, health and the environment, and reduce access to free quality education," he said.

**Warrant:** IMF loan conditions make it difficult to uphold human rights

Marco Stojanovik, 6-19-2020, "Human Rights and Austerity: The IMF as a Handmaiden of Neoliberalism," Seven Pillars Institute,  
<https://sevenpillarsinstitute.org/human-rights-and-austerity-the-imf-as-a-handmaiden-of-neoliberalism/>

The government has been cutting spending by eliminating subsidies, severely cutting programs, and reducing government workers, which has caused the economy to fall into a recession, leading to a loss of jobs and increase in poverty (Salgado, 2019). **The Bolivian case is only one of many recent IMF loan programmes with austerity-based conditionalities that violate human rights.** A 2018 study found that **out of 26 IMF programmes approved in 2016 and 2017, 23 were conditional on fiscal consolidation** (Brunswijck, 2018). According to the study "**in at least 20 of those countries, people have gone on strike or taken to the streets to protest against government cutbacks, the rising cost of living, tax restructuring and wage bill reforms**" (Brunswijck, 2018, p. 3). Ultimately, **IMF conditionality has impacted on peoples' living conditions and affected governments' abilities to fulfil their human rights obligations.**

**Impact:** the human rights decline includes worsening labor situations

Stubbs, T., Kentikelenis, A. International financial institutions and human rights: implications for public health. *Public Health Rev* 38, 27 (2017).  
<https://doi.org/10.1186/s40985-017-0074-3>

However, critics argue that the IMF and World Bank neglect the human rights implications of reducing labour market rigidities [94,95,96,97]. In a recent report on structural adjustment programmes, **the UN Human Rights Council concludes that such policies have contravened international human rights obligations by eroding labour rights** [6]. A study examining 131 countries for the period 1981 to 2003 also found that **the more time a country was implementing structural adjustment programmes, the lower the level of protection of labour rights** [94]. Another study on 123 countries found a negative association between structural adjustment programmes and collective labour rights, particularly with regard to workers' freedom of association and the right to collective bargaining both in law and in practice [95]. Labour reforms have been a consistent feature of structural adjustment programmes since the mid-1990s [7]. The majority of these are targets related to wage caps and employment limits which have—in turn—impeded the right to work. Indeed, **a study of 110 countries found a negative association between IMF programmes and workers' wages, as proxied by the labour share of income in the manufacturing sector** [82].

**Analysis:** this argument has strong empirical backing and offers clear impacts that interact well with other arguments. Furthermore, teams can run a human rights standards framework to help solidify the round. Teams should pick specific instances to make this argument more powerful.

### CON: Loan conditionality is bad

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**Argument:** Attaching conditions to loans make it harder for poor countries to repay them, furthering the cycle of poverty.

**Warrant:** IMF loan conditions are rising

Staff Writer. "IMF conditionalities promote unhealthy conditions". Public Services International. 2019. <https://www.world-psi.org/en/imf-conditionalities-promote-unhealthy-conditions>

"The focus of this EURODAD research was the International Monetary Fund (IMF) practice of attaching policy conditions to its loans, particularly for crisis-hit countries. It investigated the conditions attached to IMF loans for 26 country programmes that were approved in 2016 and 2017. Its findings were compared to those of a previous study of the Network covering IMF programmes approved in 2011 to 2013. **Contrary to the IMF's stated commitment to streamlining its conditionalities and limiting these to considerations of macro-critical resilience, conditions for loans and reviews of loans have been on the increase. The 26 programmes together had 227 quantitative conditions (i.e. an average of 8.7 per programme) and 466 structural conditions (i.e. an average of 17.9 per programme). Meanwhile, the average number of conditions per loan between 2011 and 2013 was 19.5..**"

**Warrant:** Loan conditions tend to impose dramatic austerity on countries

Staff Writer. "IMF conditionalities promote unhealthy conditions". Public Services International. 2019. <https://www.world-psi.org/en/imf-conditionalities-promote-unhealthy-conditions>

“Quantitative conditions for IMF loans, otherwise described by the institution as quantitative performance criteria (QPCs) “relate to macroeconomic variables under the control of the authorities, such as monetary and credit aggregates, international reserves, fiscal balances, and external borrowing”. Structural conditions, or Structural Benchmarks (SBs) as they are called, involve economic reforms that require legislation and critical policy changes. **These conditionalities undermine the sovereignty of countries which receive IMF facilities. They tend to promote austerity measures, with cuts in the funding of public services, such as healthcare delivery..”**

**Warrant:** Austerity hurts health outcomes

Staff Writer. “IMF conditionalities promote unhealthy conditions”. Public Services International. 2019. <https://www.world-psi.org/en/imf-conditionalities-promote-unhealthy-conditions>

“**There are many pathways through which IMF conditionalities impact on health systems and access to health services – in particular, debt service payments, fiscal deficit reduction and limitations to public sector employment.” Much needed funds for health services get committed to debt service payments. And to meet fiscal deficit targets set as quantitative conditionalities, governments are constrained to constrict public health expenditure. Indeed, in 23 out of the 26 country programmes, “financial consolidation” (a euphemism for austerity measures) is clearly spelt out in the programme objectives, policies and strategies.** The continued neoliberal thrust of IMF loan facilities undermines the possibility of achieving the Sustainable Development Goals. Health is a fundamental poverty-related sector which is particularly vulnerable to decreased spending. Debts incurred by less developed countries is generally considered by the IMF in macroeconomic terms with little explicit account taken of the link between debt and the achievement of social development goals.”

**Warrant:** Austerity is bad for cyclical economics

David Lubin. “IMF’s \$1tn lending power is not all it is cracked up to be”. Financial Times 2020.. <https://www.ft.com/content/7d386d88-615e-45b9-8072-037f5d55dd50>

“Managing a panic, therefore, requires lending to stricken borrowers “whenever the security is good”, as Bagehot put it. The IMF has had to invent its own form of collateral, and conditionality is the result. **The problem, though, is that belt-tightening is a completely inappropriate approach to managing the current crisis. Countries are stricken not because they have indulged in any irresponsible spending sprees that led to a shortage of foreign exchange, but because of a virus beyond their control.** Indeed, it would seem almost grotesque for the fund to ask countries to cut spending at a time when, if anything, more spending is needed to stop people dying or from falling into a permanent trap of unemployment. The obvious solution to this problem would be to increase the amount of money that any country can access from the fund’s emergency facilities well beyond the \$100bn now available.”

**Impact:** The IMF gives no alternative to conditionality

David Lubin. “IMF’s \$1tn lending power is not all it is cracked up to be”. Financial Times 2020.. <https://www.ft.com/content/7d386d88-615e-45b9-8072-037f5d55dd50>

“ One way out of this might have been an emergency allocation of special drawing rights, a tool last used in 2009. This would credit member countries’ accounts with new, unconditional liquidity that could be exchanged for the five currencies that underpin the SDR: the dollar, the yen, the euro, sterling and the renminbi. **That will not be happening, though, since the US is firmly opposed, for reasons bad and good.** So in the end the IMF and its shareholders face a huge problem. It either lends more money on

easy terms without the “collateral” of conditionality, at the expense of undermining its own balance sheet; or it remains, in systemic terms, on the sidelines of this crisis..”

**Analysis:** This argument makes strong economic sense. The IMF must impose conditions for austerity to guarantee its loans, but those guarantees undermine the economies of recipient countries thereby increasing the risks that loans are not paid back

### CON: IMF encourages excessive risk-taking

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**Argument:** By creating an organization which is always ready and able to bail out countries during financial crises yet cannot repossess collateral, the IMF creates perverse incentives for risk taking.

**Warrant:** Moral Hazard is a form of leveraged risk taking

Ricki Tigert Helfer. "Rethinking IMF Rescues". Brookings. 1998.

<https://www.brookings.edu/research/rethinking-imf-rescues/>

**Moral hazard is a well-known problem in the world of banking and insurance.** Policymakers seek to contain it for banks—which benefit from deposit insurance and central banking services—by requiring some portion of their assets to be backed by capital, or shareholders' funds, and by supervisory restraints on risk taking. Insurers seek to contain risk taking by requiring their insured to absorb some of the first dollars of their losses (deductibles) or by issuing insurance only up to some limit. All of the speakers recognized that international financial rescues inevitably entail some moral hazard and all agreed that it is unlikely that international financial crises—marked by market panic and contagion—will disappear. A key challenge for policymakers is to balance the benefits of rescues when such crises occur against the costs associated with the distorted incentives that these rescues create.

**Warrant:** IMF loans encourage global risky behavior

Ricki Tigert Helfer. "Rethinking IMF Rescues". Brookings. 1998.

<https://www.brookings.edu/research/rethinking-imf-rescues/>

"In fact, the Asian crisis has highlighted two types of moral hazard: global and domestic.

**Global moral hazard arises when lending by the IMF or individual countries (such as U.S. lending to Mexico in 1994-95) encourages potential borrowing countries to pursue policies that make them more vulnerable to currency runs and other crises.**

Allan Meltzer argues that the global moral hazard created by IMF rescues has played a major role in the nearly 100 banking crises that have occurred in the developing world in the last 15 years. He says that without these rescues, banks would have behaved far more prudently. Other participants suggested, however, that most of these banking crises were not associated with the IMF, had purely domestic origins, and were often caused by poorly implemented financial liberalization policies."

**Warrant:** IMF loans also encourage local moral hazard

Ricki Tigert [Helper](#). "Rethinking IMF Rescues". Brookings. 1998.

<https://www.brookings.edu/research/rethinking-imf-rescues/>

**"Domestic moral hazard arises when actions and cultures within countries themselves lead to excessively risky behavior.** So-called crony capitalism—implicit government guarantees of uneconomic bank-financed projects—is a prime example. Financial decisions stem from corruption and political expediency rather than from economic rationality. Virtually all of the participants agreed that domestic moral hazard is a much more important source of Asia's problems than global moral hazard. **Meltzer said that domestic moral hazard flows not from the prospect of IMF guarantees but from policymakers taking risks by guaranteeing private sector debt that they know may result in financial disaster.** He argued nevertheless that the prospect of international financial rescues can aggravate domestic moral hazard by making it easier for governments to provide private sector guarantees. However, others questioned whether the possibility of financial rescues really works in this fashion. After all, political

leaders must take political heat for having to admit their failed policies and may even have to sacrifice their jobs.”

### **Warrant:** IMF moral hazard makes crisis more likely

Barry Eichengreen. “Can the Moral Hazard Caused by IMF Bailouts be Reduced”. Center for Economic Policy Research. 2001.

[https://cepr.org/sites/default/files/bulletin/2001\\_spring\\_bulletin/imf\\_moral\\_hazard.htm](https://cepr.org/sites/default/files/bulletin/2001_spring_bulletin/imf_moral_hazard.htm)

**“Since the Mexico crisis in 1994, a consensus has grown that IMF rescue packages are a major source of moral hazard. The moral hazard arises because financial assistance to countries hit by financial crises results in private-sector investors exercising less caution, in the belief that the Fund will always ensure they are repaid. This resulting excessive risk-taking not only weakens market discipline but also increases the likelihood of future crises.** The failure of the Fund to resolve this problem provides ammunition for those who insist that the IMF is part of the problem rather than part of the solution. In addition, because the Fund is almost always paid back, these loans are effectively transfers from the taxpayers in the crisis countries to international investors; a situation that seems unacceptable on both equity and efficiency grounds.”

### **Warrant:** Major reforms are needed to solve the moral hazard issue

Barry Eichengreen. “Can the Moral Hazard Caused by IMF Bailouts be Reduced”. Center for Economic Policy Research. 2001.

[https://cepr.org/sites/default/files/bulletin/2001\\_spring\\_bulletin/imf\\_moral\\_hazard.htm](https://cepr.org/sites/default/files/bulletin/2001_spring_bulletin/imf_moral_hazard.htm)

**"The answer to these problems would seem to lie in ensuring private-sector participation in any future crisis: investors must bear at least some of the costs of crises if they are not to disregard the risks of lending altogether. Hence ensuring that investors are 'bailed-in', rather than 'bailed-out', is central to any strategy that seeks to limit moral hazard. Furthermore, the increase in the size of capital flows in emerging markets means that the Fund often does not have the resources to stabilize a country in financial crisis without the participation of the private sector. While there is agreement in principle that more private-sector participation is needed, how this is to be achieved in practice still remains contentious."**

**Analysis:** This argument is strong because it is nuanced. It may be true that the IMF has helped countries in certain circumstances, but by encouraging excessive risk taking systemic crises become more likely. This outweighs isolated examples.

### CON: IMF is Dominated by the US

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**Argument:** The United States explicitly and implicitly controls the US, making it little more than a front for US foreign policy.

**Warrant:** The US has a stranglehold over the IMF

Thomas Wade. "U.S. Participation in the International Monetary Fund (IMF): A Primer".

American Action Forum. 2018..

<https://www.americanactionforum.org/insight/u-s-participation-in-the-international-monetary-fund-imf-a-primer>

**"With over a 16 percent voting share, the United States is by far the largest single voting bloc. Many major decisions by the IMF require supermajorities of either 85 percent or 70 percent of its membership. For those decisions requiring 85 percent of member agreement by voting share, such as the adjustment of quotas, compulsory withdrawal of member nations (effectively expulsion), or amendments to the IMF's Articles of Agreement, the United States enjoys effective veto power. The U.S. commitment to the IMF, reflected in its quota, is about SDR 83 billion, which at the current SDR rate equates to almost \$116 billion. The United States has additional commitments to the IMF not reflected in its quota, however, specifically in supporting the New Arrangements to Borrow (NAB), which is a set of supplementary financing agreements that the IMF operates. The NAB's lending capacity was tripled in 2009 to address member needs during the financial crisis. The total U.S. commitment to the NAB stands at SDR 28.2 billion, or about \$39 billion. Between the quota and the NAB, therefore, the total U.S. commitment to the IMF stands at about \$155 billion."**

**Warrant:** The US also influences other major IMF bodies

Thomas Wade. "U.S. Participation in the International Monetary Fund (IMF): A Primer". American Action Forum. 2018..  
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"A Board of Governors heads the IMF, with a governor and alternate governor for each member country, which meets annually. Although officially the most significant power of the IMF is vested in the Board of Governors, in practice it delegates most of its authority to an Executive Board of 24 Executive Directors. **Eight Executive Directors are fixed, with representatives from the United States, China, Germany, France, Japan, Russia, Saudi Arabia, and the United Kingdom remaining on the board permanently; the other Executive Directors serve as part of a geographical rotation.** The Executive Board is led by a Chairman who also serves as Managing Director, with Christine Lagarde currently serving in this role. Since the IMF's inception, a European has been Chairman of the Executive Board, while an American has been president of the World Bank, although this system is under some pressure for reform."

**Warrant:** The US has only increased its stake in the IMF

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estimating methodology requires that costs of credit programs be performed on a present value basis as set forth in the Federal Credit Reform Act (FCRA), but with a discount rate adjusted for market risk, as opposed to using a rate derived from “riskless” Treasury securities. **In 2015, the United States adjusted its commitment to the IMF again, this time increasing its quota commitment by about \$60 billion but reducing its commitment to the NAB by the same amount..”**

**Warrant:** The US uses the IMF as a foreign policy tool

Eric Toussaint. “Domination of the United States on the World Bank”. Committee for the Abolition of Illegitimate Debt. 2020. <http://www.cadtm.org/Domination-of-the-United-States-on-the-World-Bank>

**“In 2020, the World Bank (WB) and the IMF are 76 years old. These two international financial institutions (IFI), founded in 1944, are dominated by the USA and a few allied major powers who work to generalize policies that run counter the interests of the world’s populations. The WB and the IMF have systematically made loans to States as a means of influencing their policies.** Foreign indebtedness has been and continues to be used as an instrument for subordinating the borrowers. Since their creation, the IMF and the WB have violated international pacts on human rights and have no qualms about supporting dictatorships. A new form of decolonization is urgently required to get out of the predicament in which the IFI and their main shareholders have entrapped the world in general. New international institutions must be established. This new series of articles by Éric Toussaint retraces the development of the World Bank and the IMF since they were founded in 1944.”

**Warrant:** Major reforms are needed to solve the moral hazard issue

Eric Toussaint. "Domination of the United States on the World Bank". Committee for the Abolition of Illegitimate Debt. 2020. <http://www.cadtm.org/Domination-of-the-United-States-on-the-World-Bank>

**"In principle, the World Bank and the IMF respect the following rule: they do not grant new loans to a country that has defaulted on payment of its sovereign debt. The pressure exerted by the US on the Bank and the IMF on the one hand, and the powers opposing the war on the other hand, gradually removed the obstacles inasmuch as the UN Security Council, at its meeting on 22 May, 2003, entrusted the US and its allies with the management of Iraqi oil and lifted the embargo against Iraq. The Security Council did not recognize the war but it recognized the fait accompli of the occupation. The US and their allies got the World Bank and the IMF to agree to actively participate in the donor conference for the reconstruction of Iraq held in Madrid on 23 October, 2003. The case of Iraq demonstrates that the US can constitute an alliance to determine the orientation of the Bank and the IMF despite the reluctance of their principal directors, James Wolfensohn and Horst Kölher."**

**Analysis:** This argument is powerful because it functions at a higher level than arguments about individual crisis. If the IMF is a tool of imperialism and subjugation, this matters far more than a single recession.

## CON: IMF ignores regional context

**Argument:** The IMF imposes policies that aren't proper fits for the situation.

**Example:** IMF ignored context in Kenya.

Pettinger, Tejvan. "Criticisms of IMF". Economics Help.

<https://www.economicshelp.org/blog/glossary/imf-criticism/>

When the IMF intervened in Kenya in the 1990s, they made the Central bank remove controls overflows of capital. The consensus was that this decision made it easier for corrupt politicians to transfer money out of the economy (known as the Goldenberg scandal, [BBC link](#)). Critics argue this is another example of how the IMF failed to understand the dynamics of the country that they were dealing with – insisting on blanket reforms.

The economist Joseph Stiglitz has criticised the more monetarist approach of the IMF in recent years. He argues it is failing to take the best policy to improve the welfare of developing countries saying the IMF "was not participating in a conspiracy, but it was reflecting the interests and ideology of the Western financial community."

**Warrant:** Structural Adjustment Programs served neoliberal and Western goals

Emeagwali G. (2011) The Neo-Liberal Agenda and the Imf/World Bank Structural Adjustment Programs With Reference To Africa. In: Kapoor D. (eds) Critical Perspectives on Neoliberal Globalization, Development and Education in Africa and Asia. SensePublishers. [https://doi.org/10.1007/978-94-6091-561-1\\_1](https://doi.org/10.1007/978-94-6091-561-1_1)

One may detect several underlying goals of the IMF and the World Bank. Firstly, it would seem **that the SAPs were designed to implement US foreign policy as dictated by Wall**

**Street and Corporate America, through the Public Action Committees and the Treasury Department.** **Secondly, it was aimed at the transfer of steady capital flows to U.S Western companies through debt repayment and debt servicing,** at all cost, even in the light of the 70% decline in Africa's economic growth between 1980 and 2000 (Bello, 2003). This in effect meant a transfer of assets through privatization schemes in particular. **Thirdly the SAPs were aimed at socialization of the debt through subsidy removal so that the burden of repayment fell on entire African populations, particularly on women and children and the most vulnerable** (Emeagwali, 1995). This meant that **creditors, money lending agencies and corporate executives would be rescued.** **Fourthly, it would seem that some of the overzealous neo-conservatives were now in search of 'nation states without borders'** and sought to create a pan-global elite of financiers and investors, answerable to none. **Fifthly, it would seem that one of the aims of neo-con activism was the integration of African economies into the global economy, to facilitate high rates of profit, in exchange for cheap wages and cheap resources, at minimal rates of remuneration and compensation.** **Sixthly, one may see the SAPs as directly related to US deficit financing** (Hudson, 2003). According to Hudson, the World Bank and the IMF would become facilitators of compulsory lending to the United States Treasury by way of Central Banks around the world. Moreover, countries in Africa and elsewhere were trapped within a web of control, which Hyatt characterized as 'a Marshall Plan in reverse'

**Warrant:** IMF has reformed but continues to ignore context.

Babb, Sarah L., and Alexander E. Kentikelenis. "International financial institutions as agents of neoliberalism." The SAGE handbook of neoliberalism (2018): 16-27.  
[http://www.kentikelenis.net/uploads/3/1/8/9/31894609/babbkentikelenis2018-international\\_financial\\_institutions\\_as\\_agents\\_of\\_neoliberalism.pdf](http://www.kentikelenis.net/uploads/3/1/8/9/31894609/babbkentikelenis2018-international_financial_institutions_as_agents_of_neoliberalism.pdf)

It cannot be denied that there have been some real changes in IFI practices. For instance, the World Bank targeted more of its lending toward programs that would directly benefit the poor (Babb, 2009: 167–8), and the IMF began to embed social spending targets in its loan conditionality (Grabel, 2011). However, **the evidence suggests that behind the IFIs' post-neoliberal rhetoric and well-advertised reforms a great deal of neoliberal substance remains** (Stubbs and Kentikelenis, 2017; Stubbs et al., 2017). A recent study of IMF conditionality through 2014 concluded that the advertised organizational changes represent window-dressing, with few departures from the IMF's standard neoliberal policy advice (Kentikelenis et al., 2016). An important example is labor market reforms – a cornerstone of neoliberal restructuring across the world – which are still part of IMF lending programs and include public sector layoffs, pension reductions, and the dismantling of collective wage agreements. The IMF's own Independent Evaluation Office found that conditionality remained 'very detailed, not obviously critical, and often felt to be intrusive' (IEO, 2007: vii).

**Analysis:** The IMF's repeated ignorance of regional context has led to a number of issues throughout its history. Imposing policies in one place simply because they worked in another is naïve.

### CON: IMF is worse than its alternatives

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**Argument:** The IMF is worse than other institutions acting on a global scale.

**Warrant:** New institutions are popping up to provide aid.

Oakford, Samuel. "Developing Nations now have an alternative to the World Bank and the IMF." Vice. 7/15/14. <https://www.vice.com/en/article/j54kzk/developing-nations-now-have-an-alternative-to-the-world-bank-and-the-imf>

The next developing country to face insurmountable debt and angry creditors may be able to shop around, like a consumer would, for the best bailout package.

Since the end of World War II, under the Bretton Woods financial system created by its victors, the World Bank and the International Monetary Fund have had a near monopoly on development and emergency financing. But at a summit on Tuesday in Fortaleza, Brazil, the five "BRICS" countries — Brazil, Russia, India, China, and South Africa — signed a [declaration](#) establishing a bank that will compete with those bodies, and offered up the cash to support it.

'Developing countries have begun to self-organize and set up their own programs. Now they have a bank.'

The BRICS Development Bank, which is meant to occupy a similar role to the World Bank, will be funded by an initial \$50 billion injection split evenly among the five countries, with the bank's capital eventually amounting to \$100 billion.

**Warrant:** The US has a stranglehold over the IMF

Thomas Wade. "U.S. Participation in the International Monetary Fund (IMF): A Primer". American Action Forum.

2018.. <https://www.americanactionforum.org/insight/u-s-participation-in-the-international-monetary-fund-imf-a-primer>

**"With over a 16 percent voting share, the United States is by far the largest single voting bloc. Many major decisions by the IMF require supermajorities of either 85 percent or 70 percent of its membership. For those decisions requiring 85 percent of member agreement by voting share, such as the adjustment of quotas, compulsory withdrawal of member nations (effectively expulsion), or amendments to the IMF's Articles of Agreement, the United States enjoys effective veto power.** The U.S. commitment to the IMF, reflected in its quota, is about SDR 83 billion, which at the current SDR rate equates to almost \$116 billion. The United States has additional commitments to the IMF not reflected in its quota, however, specifically in supporting the New Arrangements to Borrow (NAB), which is a set of supplementary financing agreements that the IMF operates. The NAB's lending capacity was tripled in 2009 to address member needs during the financial crisis. **The total U.S. commitment to the NAB stands at SDR 28.2 billion, or about \$39 billion. Between the quota and the NAB, therefore, the total U.S. commitment to the IMF stands at about \$155 billion."**

**Warrant:** The US also influences other major IMF bodies

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fixed, with representatives from the United States, China, Germany, France, Japan, Russia, Saudi Arabia, and the United Kingdom remaining on the board permanently; the other Executive Directors serve as part of a geographical rotation. The Executive Board is led by a Chairman who also serves as Managing Director, with Christine Lagarde currently serving in this role. Since the IMF's inception, a European has been Chairman of the Executive Board, while an American has been president of the World Bank, although this system is under some pressure for reform."

**Warrant:** The US has only increased its stake in the IMF

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**Analysis:** The IMF has functionally become a puppet of the United States, serving as a foreign policy tool. There are a number of alternatives that are less influenced by western powers.

### CON: IMF is not transparent

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**Argument:** The IMF hides information and misleads citizens.

**Warrant:** The IMF is unclear about the policies it imposes.

Pettinger, Tejvan. "Criticisms of IMF". Economics Help.

<https://www.economicshelp.org/blog/glossary/imf-criticism/>

The IMF has been criticised for imposing policy with little or no consultation with the affected countries.

Jeffrey Sachs, the head of the Harvard Institute for International Development said: "In Korea the IMF insisted that all presidential candidates immediately "endorse" an agreement which they had no part in drafting or negotiating, and no time to understand. The situation is out of hand...It defies logic to believe the small group of 1,000 economists on 19th Street in Washington should dictate the economic conditions of life to 75 developing countries with around 1.4 billion people." [source](#)

**Warrant:** Countries are unaware that they're growing dependent on aid.

Bryan Johnson "The International Monetary Fund: Outdated, Ineffective, and

Unnecessary" Heritage Foundation November 1997.

<https://www.heritage.org/report/the-international-monetary-fund-outdated-ineffective->

andunnecessary#:~:text=The%20IMF%20remains%20ineffective%20because,supposed%20to%20be%20short%20term.&text=A%20review%20of%20IMF%20lending,Fund%20by%20less%20developed%20countries.

**"IMF lending is more likely to create long-term dependency than to act as short-term assistance.** IMF lending, as defined by its articles, is supposed to be short term. But according to economist Doug Bandow, most countries actually become long-term users of IMF loans. **A review of IMF lending activities reveals an increasing reliance on the Fund by less developed countries."**

**Warrant:** Enforcement of liberalization is poor

Bryan Johnson "The International Monetary Fund: Outdated, Ineffective, and Unnecessary" Heritage Foundation November 1997.

<https://www.heritage.org/report/the-international-monetary-fund-outdated-ineffective-andunnecessary#:~:text=The%20IMF%20remains%20ineffective%20because,supposed%20to%20be%20short%20term.&text=A%20review%20of%20IMF%20lending,Fund%20by%20less%20developed%20countries.>

**"The IMF fails to enforce the requirements it imposes. Even when the IMF is specific and actually manages to recommend economic policies that might encourage long-term growth, it is ineffective in holding countries accountable for violating these agreements.** The IMF repeatedly has entered into agreements with countries that have a history of violating their contracts. Even when the Fund has established that a country violated reforms outlined in the loan agreement, it often will negotiate with that same country for a new or altered contract, and the loans continue."

**Analysis:** When the IMF recommends policies, like austerity, it comes with a sense of legitimacy in the eyes of the people. Little do they realize, these policies can leave the citizens in dire straits.

### CON: IMF aids corruption

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**Argument:** The IMF's involvement increases corruption.

**Example:** The IMF often supports questionable governments, like Argentina and Brazil

Pettinger, Tejvan. "Criticisms of IMF". Economics Help.

<https://www.economicshelp.org/blog/glossary/imf-criticism/>

The IMF has been criticised for supporting military dictatorships in Brazil and Argentina, such as Castello Branco in 1960s received IMF funds denied to other countries.

**Warrant:** IMF loan programs are funneling money from the people.

SAP countries were empirically more likely to divert from other public expenditures

Tabisa Walwema. "Adjusting Structural Adjustment: The Role of the Structural Adjustment Program in Africa's Development". African Law Reporter. 1 April 2013. <http://jurisafrica.org/docs/landtenure/adjusting-structural-adjustment.pdf>

**"In an analysis surveying adjusting and non-adjusting countries at this time, results indicate that adjusting countries reduced potential contributions of households to education, reduced public education expenditures, and finance ministers disproportionately cut their funds relative to other areas of government.<sup>90</sup> Ultimately, the IMF and World Bank fail to take into consideration the costs associated with an uneducated population."**

**Warrant:** Leaders who fund IMF programs take money from healthcare

SAPs forced diversion of public funds towards end of loan term ex health initiatives

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**Structural adjustment has therefore forced many countries to divert funds from public health initiatives and to the increased trade capability. Money is needed to increase a country's infrastructure and its trading capabilities—especially if a country is to compete on the national stage.** For one to truly understand how much is taken away from public services, one also needs a baseline as to how much it costs to industrialize and provide minimum processing infrastructure. There is a large price tag for countries to compete on the international stage. For example, in 1964, Nigerian industrialization was said to cost £676.8 million.<sup>80</sup> The expenditure would be used for roads and transportation, as well as the building of dams and electricity.

**Analysis:** The IMF has supported bad governments, and it has encouraged bad governance. When the IMF imposes strict terms, it often requires governments to underfund social services, hurting the average person.

### CON: IMF increases industrialization

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**Argument:** The IMF imposes policies that lead to industrialization, worsening climate change.

**Warrant:** IMF loan conditionality typically is antienvironmental

Carol Welch. "Greening the Bretton Woods." September 2018. The Institute for International Policy Studies. [https://ips-dc.org/greening\\_the\\_bretton\\_woods\\_institutions/#:~:text=Any%20typical%20IMF%20stabilization%2Fadjustment,consider%20environmental%20costs%20and%20benefits](https://ips-dc.org/greening_the_bretton_woods_institutions/#:~:text=Any%20typical%20IMF%20stabilization%2Fadjustment,consider%20environmental%20costs%20and%20benefits).

**"Stabilization and adjustment have become virtually synonymous at the IMF. Any typical IMF stabilization/adjustment program—including budget cuts, tax increases, and trade and investment liberalization—has environmental costs and benefits. IMF economic programs often result in unnecessary environmental degradation because they fail to consider environmental costs and benefits.** The IMF fails to recognize the inseparability of economic stability and environmental well-being. Only in 2001 has the IMF begun a pilot project to assess social, though not environmental, impacts in a few countries."

**Warrant:** Environmentalism is missing from the IMF mandate

Carol Welch. "Greening the Bretton Woods." September 2018. The Institute for International Policy Studies. [https://ips-dc.org/greening\\_the\\_bretton\\_woods\\_institutions/#:~:text=Any%20typical%20IMF%20stabilization%2Fadjustment,consider%20environmental%20costs%20and%20benefits](https://ips-dc.org/greening_the_bretton_woods_institutions/#:~:text=Any%20typical%20IMF%20stabilization%2Fadjustment,consider%20environmental%20costs%20and%20benefits).

**"The IMF explains that as a macroeconomic institution it deals solely with short-term economic issues and has no mandate to address the environment. While it is true that the purpose of the IMF is to address economic stability and short-term liquidity problems, the fund has inappropriately involved itself in longer-term restructuring of economies, often with negative environmental results.** In addition, the IMF plays an even broader role by bestowing a "seal of approval" on countries that follow its prescriptions. This seal is often a precondition for other donor assistance, debt relief, and private investment. The IMF's model of economic growth is based on export-led growth rather than domestic productive capacity. This export-led growth has tended to be based on primary commodities, rather than manufactured or processed goods, whose prices are notoriously unstable and whose extraction is environmentally hazardous."

**Warrant:** Global Warming could destroy civilization

Stephan Leahy "Climate change driving entire planet to dangerous 'tipping point'"

National Geographic November 2019.

<https://www.nationalgeographic.com/science/article/earth-tipping-point>.

**"Such a collapse of Earth's systems could lead to "hothouse earth" conditions with a global temperature rise of 9 degrees F (5 degrees C), sea levels rising 20 to 30 feet, the complete loss of the world's coral reefs and the Amazon forest, and with large parts of the planet uninhabitable.** A global emergency response is required to limit warming to 2.7 degrees Fahrenheit (1.5 degrees Celsius), they warn. "The stability and resilience of our planet is in peril," they say. **"It's a nasty shock that tipping points we thought might happen well into the future are already underway," says Lenton in an interview.."**

**Analysis:** The IMF's goal is to create what it views as a stable economy, which means allowing external investors to develop land and resources. That ultimately leads to industrialization, and the environmental ills that come along with it.

### CON: IMF is not representative of the world

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**Argument:** The IMF is dominated by western countries.

**Warrant:** The IMF is enacting reforms, but not quickly enough.

Nsouli, Saleh M. "What is the IMF doing to help countries maximize the benefits of globalization?" IMF.org. June 29, 2007. Web. 3 Mar 2021.  
<https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp062907>

"To address these concerns, **the IMF has put in place a Medium-Term Strategy aimed at working with its member countries to minimize the risks of globalization and maximize the benefits. Based on this, it has undertaken a number of reforms in the way it operates to adapt its role to the new global world environment and enhance its tools.** Let me highlight three key areas of reform. "The Fund provides support in other **areas that are critical to growth, particularly trade.** The successful conclusion of the Doha Round is key to promoting growth and poverty reduction, and **the IMF has consistently called on industrialized countries to eliminate distorting subsidies, especially in agriculture, and on developing countries to open their industrial sector.** **The Fund stands ready to provide financial assistance to member countries to help them address the potential balance of payment impact of trade reform measures through its regular financing facilities.** In addition, the Fund has also created the Trade Integration Mechanism (TIM) to augment its support to countries suffering temporary balance of payments setbacks due to trade liberalization by other countries.

**Warrant:** IMF is pushing globalization, while not considering the winners and losers.

Rahim, H. L., Abidin, Z. Z., Ping, S. D., Alias, M. K., & Muhamad, A. I. (2014). Globalization and its Effect on World Poverty and Inequality. Global Journal of Management

and Business, 1 (2), 8-13.

[https://repository.upenn.edu/cgi/viewcontent.cgi?article=1079&context=bepp\\_papers](https://repository.upenn.edu/cgi/viewcontent.cgi?article=1079&context=bepp_papers)

Fortunately, the debate over the impact of globalization and growth on poverty and income inequality has not been entirely contradictory. For instance, between the extreme views insisting that growth through globalization, have increased world's wealth and reduced poverty, and the opposing extreme view fault globalization for escalating poverty and perpetuating economic reliance of poor countries. **Globalization is not in itself a folly (Sen, 2001); it can be a force for good and has the potential to benefit all, including the poor (Stiglitz, 2002).**

Globalization seems to be irreversible. It produces both winners and losers among the poor. Thus, **the question that needs to be addressed is how we can better govern this process to make it more inclusive and fairer than the current conditions.** That is, **it is not globalization ought to be abandoned, but rather it is poor governance of globalization is what needs to be challenged.** If managed correctly and fairly for the benefit of all, globalization could be a positive force. International community should act together in an effort to make available the resources necessary to wage a war against poverty and inequality (Akoum, 2008). Naturally, this requires fundamental adjustment of the global status quo, starting with a true political pledge of the developing and developed countries to conceive an enhanced global financial and economic landscape. Generally, **it has been found that the poor are more likely to share in the gains from globalization when there are complementary policies in place,** such as access to credit, technical know-how, and other complementary inputs. This can range from countries implementing minimum wage policies to protect unskilled workers who are most likely to be poor to encouraging export and incoming foreign investment, which has been linked to reduction in poverty levels in many countries (Harrison and McMillan, 2007).

**Impact:** The IMF disregards the will of the people, prioritizing the interests of the West.

Pettinger, Tejvan. "Criticisms of IMF". Economics Help.

<https://www.economicshelp.org/blog/glossary/imf-criticism/>

The IMF has been criticised for imposing policy with little or no consultation with the affected countries.

Jeffrey Sachs, the head of the Harvard Institute for International Development said: "In Korea the IMF insisted that all presidential candidates immediately "endorse" an agreement which they had no part in drafting or negotiating, and no time to understand. The situation is out of hand...It defies logic to believe the small group of 1,000 economists on 19th Street in Washington should dictate the economic conditions of life to 75 developing countries with around 1.4 billion people." [source](#)

**Analysis:** The IMF is notorious for ignoring the interests of the people, and instead prioritizing its own interests. Given it's dominated by the United States, one should not be surprised to find that it's considered unrepresentative.

## CON: IMF helps dictatorships

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**Argument:** The IMF has provided financial assistance to dictators and other corrupt leaders.

**Precedent:** The IMF has prioritized its own interests.

Jan Wilhelm. 09-14-2018. "The IMF Comeback in Africa." Deutsche Welle. 14 Sep. 2018.

Web. 8 Mar. 2021. <https://www.dw.com/en/the-imf-comeback-in-africa/a-45489734>

The reform packages came with the so-called "Washington consensus" prescriptions, which comprised a reduction in agricultural and industrial subsidies, tax cuts, the privatization of state entities and free trade policies. But, rather than ensuring economic upswing, the reforms exacerbated the economic problems of the recipient countries.

**"All things considered, one can say these adjustment programmes were not successful,"** said Rainer Thiele, an Africa expert at the Kiel Institute for the World Economy in Germany. In fact, most countries had their repayment difficulties in check in the short term, Thiele told DW. **However, they subsequently failed to make it onto the "long-term growth path."** Meanwhile, even IMF economists criticize the organization's methods. In an internal paper published in journal in 2016, the authors said that at least some of the reforms that were imposed in the past had led to more inequality and hampered economic growth.

**Example:** Argentina and Brazil in the 1960s

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The IMF has been criticised for supporting military dictatorships in Brazil and Argentina, such as Castello Branco in 1960s received IMF funds denied to other countries.

**Argument:** Bad policy is created by the IMF as well.

**Warrant:** IMF loan programs are funneling money from the people.

SAP countries were empirically more likely to divert from other public expenditures

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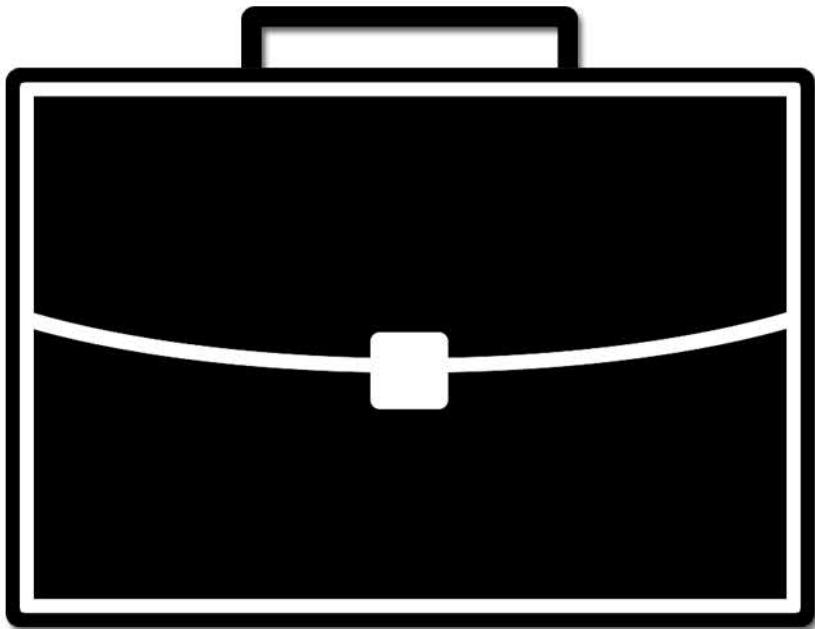
**Structural adjustment has therefore forced many countries to divert funds from public health initiatives and to the increased trade capability. Money is needed to increase a country's infrastructure and its trading capabilities—especially if a country is to compete on the national stage.** For one to truly understand how much is taken away from public services, one also needs a baseline as to how much it costs to industrialize and provide minimum processing infrastructure. There is a large price tag for countries to compete on the international stage. For example, in 1964, Nigerian industrialization was said to cost £676.8 million.<sup>80</sup> The expenditure would be used for roads and transportation, as well as the building of dams and electricity.

**Analysis:** The IMF has supported a number of bad governments, and has imposed conditions that led to bad leadership. The IMF must confront its legacy of helping bad actors.

# Champion Briefs

## April 2021

### Public Forum Brief



## Con Responses to Pro Arguments

### A/2: The IMF increases global economic stability

**Answer:** The IMF policies help recovery and stabilize in the midst of a crisis.

**Mitigate:** Financial and Economic stability isn't solely on the IMF to maintain.

Nagpal, Phalasha. "IMF bailouts: Are they really effective?" The Hindu Business line. 30 May 2019. Web. 3 Mar 2021.

<https://www.thehindubusinessline.com/opinion/imf-bailouts-are-they-really-effective/article27352471.ece>

**IMF bailouts are therefore not insurance against economic crisis and their effectiveness depends on certain factors.** First, **the nature of the country's macro-economic fundamentals:** outward-looking policy driven by growth strategies or does it have inconsistent weak fundamentals fuelled by macro-economic populism? **Second is the nature of the economy's growth model:** growth driven by domestic savings or foreign capital, reliant on manufacturing sector or natural resources — which in turn determines its vulnerability to external shocks. **Third is the degree of political stability and quality of governance which are directly correlated to effectiveness of policy response.**

**Warrant:** IMF assistance is sought and isn't always financial.

Reuters staff. "IMF says Lebanon requests technical help on economy, debt. 12 Feb 2020. Web. 3 Mar 2021. <https://www.reuters.com/article/us-lebanon-crisis/imf-says-lebanon-requests-technical-help-on-economy-debt-idUSKBN2061A6>

**BEIRUT (Reuters) - Lebanon on Wednesday formally requested the International Monetary Fund's technical help in shoring up its economy,** a move that a senior

government source said **would include the fund's aid in drafting a plan to avert financial collapse**. As Lebanon's government grapples with an economic crisis that has fueled increasingly violent protests, the heavily indebted country must urgently decide on how to deal with fast-approaching debt payments, including a \$1.2 billion Eurobond due on March 9. **"We have recently received a request from the Lebanese authorities to offer advice and technical expertise on the macroeconomic challenges facing the economy,"** IMF spokesman Gerry Rice said in a statement. He said **the IMF regularly provides advice to its member countries on policies and reforms to restore economic stability and promote growth.** The IMF statement made no mention of financial assistance for Lebanon. **"Any decisions on debt are the authorities', to be made in consultation with their own legal and financial advisers,"** Rice added. **As part of the request, the senior government source said Lebanon asked the IMF to send a team to Beirut to help draw up a comprehensive plan to avoid default.**

**Turn:** The IMF is currently stabilizing economies in midst of COVID.

Masters, Jonathan and Chatzky, Andrew. "The IMF: The World's Controversial Financial Firefighter." Council on Foreign Relations. 20 August 2020. Web. 3 Mar 2021.  
<https://www.cfr.org/backgrounder/imf-worlds-controversial-financial-firefighter>

**The IMF has sought to help countries deal with the economic devastation wrought by the 2020 pandemic of a new coronavirus disease, COVID-19. It doubled the amount of money available through its two lending programs for addressing natural disasters—the Rapid Financing Instrument and the Rapid Credit Facility—anticipating a demand of up to \$100 billion. More than one hundred countries have requested emergency financing and, as of early August, the IMF had lent around \$30 billion to more than seventy countries. It also extended its backstop financing program, known as the Flexible Credit Line, to two new countries: Chile and Peru. The fund also provided debt relief to some of its poorest members—**

**giving them grants to temporarily cover their payments—and pushed for wealthy countries, as well as China, to suspend collection on debt owed by low-income countries through the end of the year, which the Group of Twenty agreed to do. In total, the fund has pledged to deploy about one-quarter of its \$1 trillion lending capacity.**

**Weigh:** The IMF is key in helping developing nations survive the pandemic.

UNECA. "Africa's response to COVID-19 - Key messages for IMF and WBG meetings".

UN.org. 14 April 2020. Web. 3 Mar 2021.

<https://www.un.org/africarenewal/news/coronavirus/eca-africa%E2%80%99s-response-covid-19-key-messages-imf-and-wbg-meetings>

**African leaders and policy makers across the board have met and are working together and have expressed their solidarity with the world and amongst themselves.** They have agreed to work in a coordinated manner to address this scourge. **Countries thank the international community especially the WBG and the IMF for being forward and for moving to repurpose funding of over \$2.3 billion dollars already.** However they ask for accelerated speed and increased scale to match the level of the crisis. **African countries need support in managing the health crisis, and preparing for a durable economic fallout.** The measures being taken in Asia, Europe and North America such as physical (social) distancing and regular hand washing are a particular challenge for countries with limited internet connectivity, dense populations, unequal access to water and limited social safety nets.

**Weigh:** IMF relief during pandemic to support health care workers to save lives.

Imbart, Fred. "Half of the world has asked the IMF for a bailout, chief says". CNBC.com. 51 Apr 2020. Web. 3 Mar 2021. <https://www.cnbc.com/2020/04/15/half-of-the-world-has-asked-the-imf-for-a-bailout-chief-says.html>

**The global economic downturn has been so severe that already half of the world has asked the International Monetary Fund for a bailout**, the organization's chief said Wednesday. **"This is an emergency like no other. It is not because of bad governors or mistakes,"** Kristalina Georgieva told CNBC's Sara Eisen on CNBC's "Squawk Alley." "For that reason, we are providing funding very quickly." **"We are asking for one thing only: Please pay your doctors and nurses, make sure that your health [care] systems are functioning, and that vulnerable people and first responders are protected,"** Georgieva said.

**Analysis:** Though the IMF often takes on criticism for their provisions in funding in order to help countries make long term changes, the IMF continually comes to the rescue in times of need. Most recently, the pandemic has shown how vital the IMF is in ensuring the economic financial security of the world during an emergency. The continued assistance of the IMF will be required as the world recovers and moves to solve future global interconnected issues.

## A/2: IMF increases trade liberalization

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**Response:** Trade Liberalization leads to greater benefits overall.

**Mitigate:** The IMF created the TIM to offset the short term negative impacts.

Gopinath, Gita. "The IMF's Trade Integration Mechanism (TIM)"IMF.org. 2 Mar 2021.

<https://www.imf.org/en/About/Factsheets/Sheets/2016/08/02/19/51/Trade-Integration-Mechanism>

**The Trade Integration Mechanism (TIM) was introduced** in April 2004 **to assist member countries to meet balance of payments shortfalls that might result from trade liberalization measures implemented by other countries.** The TIM is not a special lending facility, but rather a policy designed to make resources more predictably available under existing IMF lending facilities. Trade liberalization in multilateral frameworks, like the Doha Development Agenda of the World Trade Organization (WTO), could generate short-term balance of payment challenges (for example, a temporary reduction of export revenues due to adjustment pressures coming from more competitive conditions in a country's export markets, or an increase in import bills). However, **Fund research indicates that these balance of payments shortfalls are unlikely to be large for most countries and would eventually be overwhelmingly exceeded by the positive impact of more open trade.** A member country can request consideration under the TIM if it expects a net balance of payments shortfall as a result of measures implemented by other countries that lead to more open market access for goods and services. Such measures would typically be introduced either under a WTO agreement or in some other way that treats all countries on a nondiscriminatory basis.

**Turn:** It is resistance to trade liberalization that hurts developing countries.

Minot, Nicholas, et all. "Trade liberalization and poverty in the Middle East and North Africa". IFPRI RESEARCH MONOGRAPH. 2010. Web. 3 Mar 2021.  
<https://www.ifpri.org/publication/trade-liberalization-and-poverty-middle-east-and-north-africa>

**Agricultural trade liberalization has been resisted by many developing country policy makers, including those in the Middle East and North Africa, for fear it could hurt domestic farmers and exacerbate poverty. The authors of Trade Liberalization and Poverty in the Middle East and North Africa argue, however, that this concern about liberalization might be misplaced.** Drawing on case studies from Egypt, Morocco, Syria, and Tunisia, the study uses household survey data and computable general equilibrium models to simulate the effects of various liberalization scenarios on different types of households in these countries, especially poor households. **The results indicate that agricultural trade barriers are not an effective means of protecting the poor and that the benefits from many forms of agricultural trade liberalization to the region's consumers outweigh the costs to producers. If complemented with other domestic programs—including agricultural research and extension, information services, disease control, and social safety nets—the reforms have the potential to reduce poverty in these nations.** The study findings are a valuable resource for policy makers and development specialists evaluating the role trade liberalization can play in economic development and poverty reduction.

**Turn:** Independent evaluations determine IMF help developing countries.

Casas, Miguel de Las. "IMF INVOLVEMENT IN INTERNATIONAL TRADE POLICY ISSUES" IEO. 12 Oct 2019. Web. 3 Mar 2021.  
<https://ieo.imf.org/~media/IEO/Files/evaluations/updates/2019-12-10-imf->

involvement-in-international-trade-policy-issues/ieo-trade-update-report-web.ashx

**The IMF's trade policy work has contributed to the Fund's work on jobs and growth issues and on inequality (IMF, 2013a).** For jobs and growth: (i) in G20 countries, the Fund's analysis has emphasized that improved domestic policies, including early action to improve labor mobility across firms and industries, social protection and complementary policies in education, housing and credit, can mitigate the adjustment costs that can arise from trade (IMF, World Bank, and World Trade Organization, 2017); (ii) in advanced countries, the Fund has urged reinvigorated trade integration to boost economic growth (IMF, World Bank, and World Trade Organization, 2018); and (iii) in low-income countries (LICs) especially in Africa, the Fund has shown that factors related to trade openness can constrain sustained growth (IMF, 2013a). **Surveillance of trade policy developments has also informed the Fund's work on inequality, with trade liberalization and export growth, for example, found to be associated with lower income inequality, especially in developing countries (Jaumotte, Lall, and Papageorgiou, 2013).**

**Weigh:** IMF Trade Liberalization has improved developing countries.

Saumik, Faiaz Mahmood. "Trade Liberalization of IMF." Academia.edu. 2018. Web. 3 Mar 2021. [https://www.academia.edu/37341477/Trade\\_Liberalization\\_of\\_IMF](https://www.academia.edu/37341477/Trade_Liberalization_of_IMF)

**Integration into the world economy has proven a powerful means for countries to promote economic growth, development, and poverty reduction. Over the past 20 years, the growth of world trade has averaged 6 percent per year, twice as fast as world output. But trade has been an engine of growth for much longer. Since 1947, when the General Agreement on Tariffs and Trade (GATT) was created, the world trading system has benefited from eight rounds of multilateral trade liberalization, as**

well as from unilateral and regional liberalization. Indeed, the last of these eight rounds (the so-called "Uruguay Round" completed in 1994) led to the establishment of the World Trade Organization to help administer the growing body of multilateral trade agreements. The resulting integration of the world economy has raised living standards around the world. Most developing countries have shared in this prosperity; in some, incomes have risen dramatically. As a group, developing countries have become much more important in world trade --they now account for one-third of world trade, up from about a quarter in the early 1970s. Many developing countries have substantially increased their exports of manufactures and services relative to traditional commodity exports: manufactures have risen to 80 percent of developing country exports. Moreover, trade between developing countries has grown rapidly, with 40 percent of their exports now going to other developing countries.

**Impact:** Trade liberalization has boosted economies.

Bachlet, Pablo. "Trade liberalization has boosted Latin American and Caribbean economies, IDB study finds". Interamerican Development Bank. 25 Nov2019. Web. 3 Mar 2021. <https://www.iadb.org/en/news/trade-liberalization-has-boosted-latin-american-and-caribbean-economies-idb-study-finds>

**Latin America and the Caribbean region saw faster economic and wage growth thanks to a lowering of trade barriers,** a new report by the Inter-American Development Bank shows. The study also provides policy recommendations to ensure the region is better positioned to take advantage of trade liberalization and make its benefits more tangible to citizens. **The average tariff cut of 56 percent that took place in the region between 1990 and 2010 accelerated the region's average annual per capita GDP growth by 0.6 percentage points.**

**Analysis:** Since 1947, The IMF has helped to alleviate poverty and assist developing countries through various financing, research, and policy advice. In promoting trade liberalization, the IMF has helped to bring developing nations around the world into the market, allowing them to bring jobs, lower cost goods, and a better economy for their nations. This has in turn led to improved living conditions, employment opportunities, and increased improvement on reducing poverty.

### A/2: IMF increases globalization through trade

**Answer:** Globalization has not failed because of the IMF.

**Mitigation:** the IMF is helping to manage changes in globalization.

Nsouli, Saleh M. "What is the IMF doing to help countries maximize the benefits of globalization?" IMF.org. June 29, 2007. Web. 3 Mar 2021.  
<https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp062907>

"To address these concerns, **the IMF has put in place a Medium-Term Strategy aimed at working with its member countries to minimize the risks of globalization and maximize the benefits. Based on this, it has undertaken a number of reforms in the way it operates to adapt its role to the new global world environment and enhance its tools.** Let me highlight three key areas of reform. "The Fund provides support in other **areas that are critical to growth, particularly trade.** The successful conclusion of the Doha Round is key to promoting growth and poverty reduction, and **the IMF has consistently called on industrialized countries to eliminate distorting subsidies, especially in agriculture, and on developing countries to open their industrial sector.** **The Fund stands ready to provide financial assistance to member countries to help them address the potential balance of payment impact of trade reform measures through its regular financing facilities.** In addition, the Fund has also created the Trade Integration Mechanism (TIM) to augment its support to countries suffering temporary balance of payments setbacks due to trade liberalization by other countries.

**Mitigate:** IMF is needed to continue its improvement on globalization management.

Rahim, H. L., Abidin, Z. Z., Ping, S. D., Alias, M. K., & Muhamad, A. I. (2014). Globalization and its Effect on World Poverty and Inequality. Global Journal of Management

and Business, 1 (2), 8-13.

[https://repository.upenn.edu/cgi/viewcontent.cgi?article=1079&context=bepp\\_papers](https://repository.upenn.edu/cgi/viewcontent.cgi?article=1079&context=bepp_papers)

Fortunately, the debate over the impact of globalization and growth on poverty and income inequality has not been entirely contradictory. For instance, between the extreme views insisting that growth through globalization, have increased world's wealth and reduced poverty, and the opposing extreme view fault globalization for escalating poverty and perpetuating economic reliance of poor countries. **Globalization is not in itself a folly (Sen, 2001); it can be a force for good and has the potential to benefit all, including the poor (Stiglitz, 2002).**

Globalization seems to be irreversible. It produces both winners and losers among the poor. Thus, **the question that needs to be addressed is how we can better govern this process to make it more inclusive and fairer than the current conditions.** That is, **it is not globalization ought to be abandoned, but rather it is poor governance of globalization is what needs to be challenged.** If managed correctly and fairly for the benefit of all, globalization could be a positive force. International community should act together in an effort to make available the resources necessary to wage a war against poverty and inequality (Akoum, 2008). Naturally, this requires fundamental adjustment of the global status quo, starting with a true political pledge of the developing and developed countries to conceive an enhanced global financial and economic landscape. Generally, **it has been found that the poor are more likely to share in the gains from globalization when there are complementary policies in place**, such as access to credit, technical know-how, and other complementary inputs. This can range from countries implementing minimum wage policies to protect unskilled workers who are most likely to be poor to encouraging export and incoming foreign investment, which has been linked to reduction in poverty levels in many countries (Harrison and McMillan, 2007).

**Turn:** IMF economic development programs lead to global prosperity.

Bruner, Robert F.. "GLOBALIZATION OF MANAGEMENT EDUCATION: Changing International Structures, Adaptive Strategies, and the Impact on Institutions.". The Association to Advance Collegiate Schools of Business. 2011. Web. 3 Mar 2021. <https://www.aacsb.edu/-/media/aacsb/publications/research-reports/aacsb-globalization-of-management-education-task-force-report-2011.ashx?la=en&hash=46B805416C12C419DCFEE8FC4C36DBCB3AE2519A>

**Global economic development has also been accompanied by a general increase in global prosperity. The expansion of the middle class in many countries has made higher education more affordable for a larger portion of the population and has resulted in markets for numerous goods and services.** India and China stand out in particular as two of the BRIC countries where this market growth has occurred. **Surjit Bhalla notes that in 2006, the middle-class population in Asia rose to 60 percent of the world's total middle-class population—a significant increase from approximately 20 percent in 1980.** While the correct approach to defining what constitutes a "middle class" is hotly debated, almost all approaches point to the expansion of this group of the population, particularly within emerging markets.

**Turn:** Developing countries are better off because of International Institutions like the IMF and their policies on globalization.

Milner, Helen V. "Globalization, Development, and International Institutions: Normative and Positive Perspectives" Perspectives on Politics. December 2005. Web. 3 Mar 2021. <https://www.cambridge.org/core/journals/perspectives-on-politics/article/globalization-development-and-international-institutions-normative-and-positive-perspectives/620847CD3E2163AB60D0AB57F607C92B>

Positive, empirical research asks the question of whether the effect of these institutions on the developing world has been better or worse with their presence than without it.

**The evidence suggests that even though problems abound with the institutions one cannot rule the counterfactual out: without these institutions many developing countries could be worse off as they faced bilateral negotiations with the most powerful countries.**

**Weigh:** IMF's Globalization saves lives through improving health care while respecting diversity.

Mittelman, Michele. "Globalization of healthcare." Global advances in health and medicine vol.1,2 (2012): 5-7. doi:10.7453/gahmj.2012.1.2.001  
<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3833491/#:~:text=For%20several%20reasons%2C%20medicine%20and,for%20health%20spans%20the%20globe>

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**As modern healthcare practitioners, we should embrace globalization.** Technology has eliminated or greatly reduced many of the barriers to communication including distance, time, and cost. **The time is right to begin the development of an integrated system that promotes and facilitates the globalization of medicine and healthcare.** The Silk Road and the Roof of the World are now in cyberspace, only a click away. **The revolution in information technology—global, wireless, and instantaneous communication from human to human, human to machine, and even machine to machine—promotes not only a sense of flattening in medicine and healthcare but also an all-important convergence.** At the same time, we do not seek—and in fact actively want to avoid—a drive toward homogenization. Our goal is not to develop a single mechanically enforced and theoretically coherent system. Rather, **we must strive for universal integration, constructive convergence, and diverse collaboration that bridges both systems and traditions. We must commit to respect and conserve the richness of each variety of medicine, to ensure complementarity, and to promote**

**creative and mutually enriching hybridization.** As members of the editorial team of this new journal, we believe that the enormous potential benefits in global convergence and pluralism in medicine and healthcare—in science, in professional practice, and in the basic health of the peoples of the world—are so palpable and exciting that we see GAHM as both a calling and a mission. Together, we will learn how to coordinate and synthesize, without homogenization, the wonderfully rich diversity of perspectives for improving the health of all peoples around the globe.

**Analysis:** IMF globalization efforts have not failed. Rather globalization under the advancement of the IMF, has led to economic prosperity, reduction of poverty, is even more necessary amidst the pandemic and the need to address global health need.

## A/2: IMF advocates for women's empowerment

**Answer:** IMF Policies have acted to protect equal rights, cultural/social norms and policies are at fault, not the IMF.

**Mitigate:** It is cultural and legal hinderances, not the IMF which maintain gender inequity.

Georgieva, Kristalina. "Threads of Success – Empowering Women in Latin America and Around the World— Opening Remarks — Forum on Gender Empowerment & the SDGs Bogota, Colombia." IMF.org. 5 Mar 2020. Web. 3 Mar 2021.  
<https://www.imf.org/en/News/Articles/2020/03/05/sp030520-threads-of-success-empowering-women-in-latin-america-and-around-the-world>

First, the global backdrop. The unfortunate reality is that too many women and girls all over the world face daily discrimination, injustice, and lack of opportunity. Think about what this means in terms of jobs and prosperity. **Nearly 90 countries have some legal restriction on women's participation in the economy.** [1] In parts of Latin America, and many countries all over the world, a woman's right to own property, get divorced, or own a bank account, can be limited in a variety of ways. Even when legal barriers are removed, we know the unseen barriers women face: Unpaid work, poor family leave policies for new parents, gender pay discrimination, inadequate child care options. These are the hidden shackles that limit women.

**Mitigate:** The IMF's mission is to ensure economic and financial stability and reduce poverty.

IMF Staff. "IMF at a Glance." IMF.org. 2021. Web. 3 Mar 2021.  
<https://www.imf.org/en/About>

The International Monetary Fund (IMF) is an organization of 190 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world. Created in 1945, the IMF is governed by and accountable to the 190 countries that make up its near-global membership. The IMF's primary purpose is to ensure the stability of the international monetary system—the system of exchange rates and international payments that enables countries (and their citizens) to transact with each other. The Fund's mandate was updated in 2012 to include all macroeconomic and financial sector issues that bear on global stability. The IMF's fundamental mission is to ensure the stability of the international monetary system. It does so in three ways: keeping track of the global economy and the economies of member countries; lending to countries with balance of payments difficulties; and giving practical help to members.

**Turn:** IMF's Funding Advice and conditions help women's improvement.

Iversen, Katja. "An Economic No-Brainer: Empower Women, Empower Economies".

Women Deliver. 10 December 2018. Web. 3 Mar 2018.

<https://womendeliver.org/2018/an-economic-no-brainer-empower-women-empower-economies/>

IMF research shows that when legal barriers are removed, women's participation in the workforce increases. In half of the countries studied, when gender equity was reflected in the law, women's participation in the labor force increased by at least 5 percentage points in the following five years. The IMF highlights these legal barriers and their economic costs in our discussions with member country governments. Aside from removing legal obstacles, the IMF regularly offers recommendations on other ways to help women participate in the economy. In many advanced economies, our

advice to governments tends to focus on how women can juggle work and family life—including ensuring parental leave provisions, affordable and high-quality childcare, and tax policies that do not penalize secondary earners (who are usually women).

**Impact:** IMF lending policies and advice has led to slow but steady gains in women's empowerment.

Crotti, Robert. "Global Gender Gap Report 2020." World Economic Forum. 2020. Web. 3 Mar 2021. [http://www3.weforum.org/docs/WEF\\_GGGR\\_2020.pdf](http://www3.weforum.org/docs/WEF_GGGR_2020.pdf)

Conversely, the Economic Participation and Opportunity subindex gap has widened slightly and is the only subindex that has regressed this year. **The global 2020 score (57.8%) is 0.35 percentage points lower than last year, but it is still better than it was 14 years ago. On average, the economic gender gap has closed by 0.15 percentage points every year over the 2006–2019 period.** This progress is certainly too slow. At this rate, it will take 257 years to close this gap. This shows that while the time required to close the overall gender gap averages out the progresses across all four dimensions tracked by the Global Gender Gap Index, it may take an even longer time to ensure full gender parity is achieved across all dimensions.

Within this subindex, **generally positive trends in share of women among skilled workers and senior officials are counterbalanced by stagnating or reversing gaps in labour market participation and monetary rewards.** When it comes to wage gaps, the negative trend is mostly explained by diverging regional trends rather than by a common direction across all countries. As analysed in Box 1, while in **OECD countries wage gaps over the past decade are on a declining trend**, they are widening in emerging and developing economies. The global declining trend is therefore due to the fact that widening gaps in emerging and developing economies have outweighed the progresses made by OECD countries. Closing gender gaps in the remaining two

subindexes is likely to happen much sooner. **On current trends, the Educational Attainment gender gap can be fully closed in just 12 years. Global performance is virtually unchanged since last year and remains above 96% or less than 4% from full parity. To achieve a perfect 100%, it will still require some institutional and cultural changes that would improve participation of both men and women in higher education in the countries where there is still unequal access to school.**

**Impact:** Women's economic empowerment leads to women's empowerment overall.

Mlambo-Ngcuka, Phumzile . "Facts and Figures: Economic Empowerment Benefits of economic empowerment".UN Women [Last updated July 2018]. Web. 3 Mar 2021. <https://www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures>

Women's economic empowerment is central to realizing women's rights and gender equality. **Women's economic empowerment includes women's ability to participate equally in existing markets; their access to and control over productive resources, access to decent work, control over their own time, lives and bodies; and increased voice, agency and meaningful participation in economic decision-making at all levels from the household to international institutions. Increasing women's and girls' educational attainment contributes to women's economic empowerment and more inclusive economic growth.**

**Analysis:** It is not the IMF or its policies which have created the issues with women's empowerment, but the countries themselves; their culture, laws, and social institutionalized norms. The IMF's is not responsible for these, but instead works to help educate, advise, and apply conditions to the funding in order to ensure countries make advancements in gender equity reforms that will benefit not only their female population, but their country overall.

## A/2: IMF helps climate finance

**Answer:** IMF programs are bad for the environment

**Warrant:** IMF loan conditionality typically is antienvironmental

Carol Welch. "Greening the Bretton Woods." September 2018. The Institute for International Policy Studies. [https://ips-dc.org/greening\\_the\\_bretton\\_woods\\_institutions/#:~:text=Any%20typical%20IMF%20stabilization%2Fadjustment,consider%20environmental%20costs%20and%20benefits](https://ips-dc.org/greening_the_bretton_woods_institutions/#:~:text=Any%20typical%20IMF%20stabilization%2Fadjustment,consider%20environmental%20costs%20and%20benefits).

**"Stabilization and adjustment have become virtually synonymous at the IMF. Any typical IMF stabilization/adjustment program—including budget cuts, tax increases, and trade and investment liberalization—has environmental costs and benefits. IMF economic programs often result in unnecessary environmental degradation because they fail to consider environmental costs and benefits.** The IMF fails to recognize the inseparability of economic stability and environmental well-being. Only in 2001 has the IMF begun a pilot project to assess social, though not environmental, impacts in a few countries."

**Warrant:** Environmentalism is missing from the IMF mandate

Carol Welch. "Greening the Bretton Woods." September 2018. The Institute for International Policy Studies. [https://ips-dc.org/greening\\_the\\_bretton\\_woods\\_institutions/#:~:text=Any%20typical%20IMF%20stabilization%2Fadjustment,consider%20environmental%20costs%20and%20benefits](https://ips-dc.org/greening_the_bretton_woods_institutions/#:~:text=Any%20typical%20IMF%20stabilization%2Fadjustment,consider%20environmental%20costs%20and%20benefits).

**"The IMF explains that as a macroeconomic institution it deals solely with short-term economic issues and has no mandate to address the environment. While it is true that the purpose of the IMF is to address economic stability and short-term liquidity problems, the fund has inappropriately involved itself in longer-term restructuring of economies, often with negative environmental results.** In addition, the IMF plays an even broader role by bestowing a "seal of approval" on countries that follow its prescriptions. This seal is often a precondition for other donor assistance, debt relief, and private investment. The IMF's model of economic growth is based on export-led growth rather than domestic productive capacity. This export-led growth has tended to be based on primary commodities, rather than manufactured or processed goods, whose prices are notoriously unstable and whose extraction is environmentally hazardous."

**Analysis:** This turn shows that the net effect of the IMF is to degrade the environment. Make the case that the majority of IMF actions are loans, not green deals.

**Response:** The IMF cannot solve global warming

**Warrant:** Climate change is inevitable

Stephan Leahy "Climate change driving entire planet to dangerous 'tipping point'" National Geographic November 2019.

<https://www.nationalgeographic.com/science/article/earth-tipping-point>.

**"Evidence that irreversible changes in Earth's climate systems are underway means we are in a state of planetary emergency, leading climate scientists warn. A cascade of tipping points could amount to a global tipping point, where multiple earth systems march past the point of no return, they say.** That possibility is "an existential threat to civilization," write Tim Lenton and colleagues in this week's Nature.."

**Warrant:** Tipping Point Global Warming could destroy civilization

Stephan Leahy "Climate change driving entire planet to dangerous 'tipping point'"

National Geographic November 2019.

<https://www.nationalgeographic.com/science/article/earth-tipping-point>.

**"Such a collapse of Earth's systems could lead to "hothouse earth" conditions with a global temperature rise of 9 degrees F (5 degrees C), sea levels rising 20 to 30 feet, the complete loss of the world's coral reefs and the Amazon forest, and with large parts of the planet uninhabitable.** A global emergency response is required to limit warming to 2.7 degrees Fahrenheit (1.5 degrees Celsius), they warn. "The stability and resilience of our planet is in peril," they say. **"It's a nasty shock that tipping points we thought might happen well into the future are already underway," says Lenton in an interview.."**

**Analysis:** This response makes it hard for your opponent to win their impact. Sure, climate change is a big deal but how much will IMF efforts really be able to stop it?

## A/2: IMF helps global poverty reduction

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**Answer:** IMF Increases Poverty

**Warrant:** IMF loans hurt poor countries such as Ecuador

Mark Weisbrot. "The IMF is hurting countries it claims to help." September 2018. The Guardian. <https://www.theguardian.com/commentisfree/2019/aug/27/imf-economics-inequality-trump-ecuador>

**"The program calls for an enormous tightening of the country's national budget – about 6% of GDP over the next three years. (For comparison, imagine tightening the US federal budget by \$1.4 trillion, through some combination of cutting spending and raising taxes). In Ecuador, this will include firing tens of thousands of public sector employees, raising taxes that fall disproportionately on poor people, and making cuts to public investment."**

**Warrant:** IMF loans push countries into recession

Mark Weisbrot. "The IMF is hurting countries it claims to help." September 2018. The Guardian. <https://www.theguardian.com/commentisfree/2019/aug/27/imf-economics-inequality-trump-ecuador>

**"The overall impact of this large fiscal tightening will be to push the economy into recession.** The IMF's projections are for a relatively mild recession until next year, but it will likely be much deeper and longer – as often happens with IMF programs. Unemployment will rise – even the IMF program projections acknowledge that – and so will poverty."

**Analysis:** This block is significant because it shows that the IMF actually has substantial negative effects on poverty reduction. This is a turn, so emphasize it at the start of your rebuttal.

**Answer:** The IMF is ineffective

**Warrant:** Lending creates dependency

Bryan Johnson “The International Monetary Fund: Outdated, Ineffective, and

Unnecessary” Heritage Foundation November 1997.

<https://www.heritage.org/report/the-international-monetary-fund-outdated-ineffective-andunnecessary#:~:text=The%20IMF%20remains%20ineffective%20because,supposed%20to%20be%20short%20term.&text=A%20review%20of%20IMF%20lending,Fund%20by%20less%20developed%20countries.>

**“IMF lending is more likely to create long-term dependency than to act as short-term assistance.** IMF lending, as defined by its articles, is supposed to be short term. But according to economist Doug Bandow, most countries actually become long-term users of IMF loans. **A review of IMF lending activities reveals an increasing reliance on the Fund by less developed countries.”**

**Warrant:** Enforcement of liberalization is poor

Bryan Johnson “The International Monetary Fund: Outdated, Ineffective, and Unnecessary” Heritage Foundation November 1997.

<https://www.heritage.org/report/the-international-monetary-fund-outdated-ineffective-andunnecessary#:~:text=The%20IMF%20remains%20ineffective%20because,supposed%20to>

%20be%20short%20term.&text=A%20review%20of%20IMF%20lending,Fund%20by%20less%20developed%20countries.

**"The IMF fails to enforce the requirements it imposes. Even when the IMF is specific and actually manages to recommend economic policies that might encourage long-term growth, it is ineffective in holding countries accountable for violating these agreements. The IMF repeatedly has entered into agreements with countries that have a history of violating their contracts. Even when the Fund has established that a country violated reforms outlined in the loan agreement, it often will negotiate with that same country for a new or altered contract, and the loans continue."**

**Analysis:** This response is strong because it shows that even if IMF programs are good in theory, they lack the ability to enforce and deliver on their promises.

## A/2: IMF helps with anticorruption

**Answer:** IMF programs worsen governance outcomes

**Warrant:** IMF loan programs take money from social services

SAP countries were empirically more likely to divert from other public expenditures

Tabisa Walwema. "Adjusting Structural Adjustment: The Role of the Structural Adjustment Program in Africa's Development". African Law Reporter. 1 April 2013. <http://jurisafrica.org/docs/landtenure/adjusting-structural-adjustment.pdf>

**"In an analysis surveying adjusting and non-adjusting countries at this time, results indicate that adjusting countries reduced potential contributions of households to education, reduced public education expenditures, and finance ministers disproportionately cut their funds relative to other areas of government.<sup>90</sup> Ultimately, the IMF and World Bank fail to take into consideration the costs associated with an uneducated population."**

**Warrant:** IMF programs take money from healthcare

SAPs forced diversion of public funds towards end of loan term ex health initiatives

Tabisa Walwema. "Adjusting Structural Adjustment: The Role of the Structural Adjustment Program in Africa's Development". African Law Reporter. 1 April 2013. <http://jurisafrica.org/docs/landtenure/adjusting-structural-adjustment.pdf>

**Structural adjustment has therefore forced many countries to divert funds from public health initiatives and to the increased trade capability. Money is needed to increase a**

**country's infrastructure and its trading capabilities—especially if a country is to compete on the national stage.** For one to truly understand how much is taken away from public services, one also needs a baseline as to how much it costs to industrialize and provide minimum processing infrastructure. There is a large price tag for countries to compete on the international stage. For example, in 1964, Nigerian industrialization was said to cost £676.8 million.<sup>80</sup> The expenditure would be used for roads and transportation, as well as the building of dams and electricity.

**Analysis:** This argument is strong because it contrasts the ideal with the real of IMF structural adjustment programs. While they may be good in theory, in reality they gut essential social services.

**Answer:** The IMF makes poor countries even poorer

**Warrant:** IMF loans devalue currencies and lead to price shocks

Brian F. Crisp and Michael J. Kelly, International Studies Quarterly, "The Socioeconomic Impacts of Structural Adjustment" 1999

[http://www.jstor.org/stable/2600942?seq=1#page\\_scan\\_tab\\_contents](http://www.jstor.org/stable/2600942?seq=1#page_scan_tab_contents)

**It is expected that structural adjustment would exacerbate poverty and inequality.<sup>12</sup>** Prices of goods and services rise as subsidies for food, transport, energy, and other items are removed. The devaluation of currencies leads to real price increases for imported goods. In addition, unemployment increases both because public sector jobs are eliminated and because domestic industries scale back to face the foreign competition to which they are being subjected for the first time. Finally, government services, of particular value to the poor, decrease as a result of general fiscal austerity (Glewwe and de Tray, 1989:5-6; Morley, 1995a:vii). Thus, it has been hypothesized that

structural adjustment will cause increases in both poverty and inequality, and the more orthodox the program the greater the increases.

### **Warrant:** IMF Loans reduce economic growth

Robert Naiman. "A Survey of the Impacts of IMF Structural Adjustment in Africa: Growth, Social Spending, and Debt Relief". Center for Economic and Policy Research. 1999.

[http://www.cepr.net/documents/publications/debt\\_1999\\_04.htm](http://www.cepr.net/documents/publications/debt_1999_04.htm)

"In the absence of any reform at the IMF for the foreseeable future, the need for debt cancellation for Africa is all the more urgent. This enormous debt burden consumed 4.3% of sub-Saharan Africa's GNP in 1997. **If these resources had been devoted to investment, the region could have increased its economic growth by nearly a full percentage point--sadly this is more than twice its per capita growth for that year. But the debt burden exacts another price, which may be even higher than the drain of resources out of the country: it provides the means by which the IMF is able to impose the conditions of its structural adjustment programs on these desperately poor countries.**"

**Analysis:** This response is good because it is a substantive external disadvantage which can be said to outweigh the initial argument itself.

### A/2: IMF helps alleviate economic crises

**Answer:** IMF programs create long-term harm to the economy through environmental destruction.

**Warrant:** IMF loan conditionality typically is antienvironmental

Carol Welch. "Greening the Bretton Woods." September 2018. The Institute for International Policy Studies. [https://ips-dc.org/greening\\_the\\_bretton\\_woods\\_institutions/#:~:text=Any%20typical%20IMF%20stabilization%2Fadjustment,consider%20environmental%20costs%20and%20benefits](https://ips-dc.org/greening_the_bretton_woods_institutions/#:~:text=Any%20typical%20IMF%20stabilization%2Fadjustment,consider%20environmental%20costs%20and%20benefits).

**"Stabilization and adjustment have become virtually synonymous at the IMF. Any typical IMF stabilization/adjustment program—including budget cuts, tax increases, and trade and investment liberalization—has environmental costs and benefits. IMF economic programs often result in unnecessary environmental degradation because they fail to consider environmental costs and benefits.** The IMF fails to recognize the inseparability of economic stability and environmental well-being. Only in 2001 has the IMF begun a pilot project to assess social, though not environmental, impacts in a few countries."

**Warrant:** Environmentalism is missing from the IMF mandate

Carol Welch. "Greening the Bretton Woods." September 2018. The Institute for International Policy Studies. [https://ips-dc.org/greening\\_the\\_bretton\\_woods\\_institutions/#:~:text=Any%20typical%20IMF%20stabilization%2Fadjustment,consider%20environmental%20costs%20and%20benefits](https://ips-dc.org/greening_the_bretton_woods_institutions/#:~:text=Any%20typical%20IMF%20stabilization%2Fadjustment,consider%20environmental%20costs%20and%20benefits).

**"The IMF explains that as a macroeconomic institution it deals solely with short-term economic issues and has no mandate to address the environment. While it is true that the purpose of the IMF is to address economic stability and short-term liquidity problems, the fund has inappropriately involved itself in longer-term restructuring of economies, often with negative environmental results.** In addition, the IMF plays an even broader role by bestowing a "seal of approval" on countries that follow its prescriptions. This seal is often a precondition for other donor assistance, debt relief, and private investment. The IMF's model of economic growth is based on export-led growth rather than domestic productive capacity. This export-led growth has tended to be based on primary commodities, rather than manufactured or processed goods, whose prices are notoriously unstable and whose extraction is environmentally hazardous."

**Non-unique:** The IMF cannot solve global warming

**Warrant:** Climate change is inevitable

Stephan Leahy "Climate change driving entire planet to dangerous 'tipping point'" National Geographic November 2019.

<https://www.nationalgeographic.com/science/article/earth-tipping-point>.

**"Evidence that irreversible changes in Earth's climate systems are underway means we are in a state of planetary emergency, leading climate scientists warn. A cascade of tipping points could amount to a global tipping point, where multiple earth systems march past the point of no return, they say.** That possibility is "an existential threat to civilization," write Tim Lenton and colleagues in this week's Nature.."

**Warrant:** Tipping Point Global Warming could destroy civilization

Stephan Leahy "Climate change driving entire planet to dangerous 'tipping point'"

National Geographic November 2019.

<https://www.nationalgeographic.com/science/article/earth-tipping-point>.

**"Such a collapse of Earth's systems could lead to "hothouse earth" conditions with a global temperature rise of 9 degrees F (5 degrees C), sea levels rising 20 to 30 feet, the complete loss of the world's coral reefs and the Amazon forest, and with large parts of the planet uninhabitable. A global emergency response is required to limit warming to 2.7 degrees Fahrenheit (1.5 degrees Celsius), they warn. "The stability and resilience of our planet is in peril," they say. "It's a nasty shock that tipping points we thought might happen well into the future are already underway," says Lenton in an interview.."**

**Analysis:** While the short term benefits of helping during a crisis are nice, the long-term impacts of environmental destruction are easy to establish and have substantial impacts as well.

### A/2: IMF reduces food insecurity

**Answer:** The IMF does nothing to help food insecurity.

**Warrant:** The IMF played a critical role in financializing the agriculture industry

Flora Sonkin. 04-07-2020. "Recipe for disaster: The IMF and World Bank's role in the financialisation of food and agriculture," Bretton Woods Project. 7 Apr. 2020. Web. 6 Mar. 2021. <https://www.brettonwoodsproject.org/2020/04/recipe-for-disaster-the-imf-and-world-banks-role-in-the-financialisation-of-food-and-agriculture/>

**The World Bank and IMF have played a pivotal role in facilitating the financialisation trend through their support for market-led land reforms and financial sector deregulations, which enabled private investors' access to large-scale land deals in developing countries and further speculation over commodity futures.** First, decades of neoliberal economic reforms and structural adjustments prescribed by the BWIs facilitated an unprecedented globalisation of financial markets. The resulting proliferation of new financial instruments and increasing excess capital held by financial actors targeted land and food as profitable assets for shareholders to be able to extract high returns. **Second, numerous World Bank and IMF programmes have involved the privatisation and commodification of public lands and of agriculture-related services.** A 2019 study looking at IMF conditionality from 1980 to 2014 estimated that 43 per cent of IMF loan programmes include food and agriculture conditions, and that the majority of its interventions constitute a push for liberalisation of the sector by reducing the role of the state as a provider of price supports, agricultural insurance and credit provision, and further expanding the market-led development ideology.

**Turn:** Financialization contributes directly to food insecurity

Flora Sonkin. 04-07-2020. "Recipe for disaster: The IMF and World Bank's role in the financialisation of food and agriculture," Bretton Woods Project. 7 Apr. 2020. Web. 6 Mar. 2021. <https://www.brettonwoodsproject.org/2020/04/recipe-for-disaster-the-imf-and-world-banks-role-in-the-financialisation-of-food-and-agriculture/>

**The long-term food security implications of the financialisation of agriculture not only affects farmers or people directly dependent on the land.** Commodity-dependent and net food-importing countries, in particular their low-income populations, whose position in the global economy originates in no small part from the structural adjustment programmes implemented by the World Bank and IMF in the 1990s, now find themselves increasingly at the mercy of volatile international food prices, which become even more unstable in the context of the global climate emergency. **As the UN Food and Agriculture Organization (FAO) noted, the number of undernourished people in Africa increased by 8 per cent after the price swings in key staple foods between 2007 and 2008.** The 2019 edition of FAO's flagship publication, The State of Food Security and Nutrition in the World, revealed a continuously worrying scenario: "more than 820 million people in the world were still hungry in 2018," especially in low-income countries. **As financialisation drives inequalities within and between countries, its relationship with rising food insecurity within lower-income countries and population groups cannot be ignored.**

**Mitigation:** There will be a global decline in food insecurity

Matt Cooper, Homi Kharas, and Benjamin Müller, 10-22-2020, "Are we on track to end global hunger?", Brookings. 22 Oct. 2020. Web. 6 Mar. 2021.  
<https://www.brookings.edu/blog/future-development/2020/10/22/are-we-on-track-to-end-global-hunger/>

Finally, South Asia is predicted to turn a corner on food insecurity. **Having seen the number of hungry people increase throughout the last decade, the number of both moderate and severely food insecure people will begin to decrease in the early 2020s.** This is due to a combination of economic growth bringing people out of poverty as well as the fruits of long-term trends in reduced stunting and malnutrition. As the recent well-deserved Nobel Peace Prize received by the World Food Programme shows, ensuring that all people on earth have access to safe, nutritious, and sufficient food is an important goal to strive for, and many organizations are currently paying attention to global hunger. The novel World Hunger Clock will contribute to global efforts to achieve this goal and help policymakers to better understand where hunger still exists and how it is changing.

**Mitigation:** There are many organizations working to alleviate food insecurity, IMF is not essential

Human Rights Careers. 2020. "30 Organizations Working to End Hunger," Human Rights Careers. 2020. Web. 6 Mar. 2021.

<https://www.humanrightscareers.com/magazine/organizations-end-hunger/>

**The World Food Programme (WFP) is one of the largest UN agencies helping 86.7 million people in around 83 countries every year, and delivering food assistance in places of emergencies, as well as working with communities to build resilience and improve nutrition.** The WFP is an emergency-responder, with 5,600 trucks, 20 ships and 92 planes on the move every day, delivering food assistance to people struck by conflicts, floods, earthquakes, hurricanes and other natural disasters. The organization implements projects focusing on nutrition while targeting mothers and children and malnutrition in developing countries. It also implements school feeding programs around the world and provides school meals to more than 16 million children in 60

countries. It provides cash-based transfers that allow people to shop and choose their own food locally. **The WFP employs around 17.000 staff worldwide, of whom over 90 % are based in the countries that require assistance.**

**Warrant:** Addressing food insecurity is extremely difficult

Mandivamba Rukuni, Africa: Addressing Growing Threats to Food Security, The Journal of Nutrition, Volume 132, Issue 11, November 2002, Pages 3443S–3448S,  
<https://doi.org/10.1093/jn/132.11.3443S>

**Evidence from a wide range of scientific studies indicates that sustained overuse of biological systems can lead to a cascading effect that is difficult to reverse.** The loss of topsoil and tree and grass cover from increasing human and livestock pressure is now a fact of life in the region and in other parts of Africa. For example, livestock numbers in Africa have increased 75% from 1950 to 1983. In a number of African countries, fuel wood consumption is now running far ahead of tree growth. **There is, therefore, a need to address the problems of environmental degradation in the region.** There is a need to implement measures to preserve natural resources and a healthy environment. But these measures require sound economic analysis and close cooperation between specialists in ministries of natural resources and ministries of agriculture. **Conservation within the region is faced with the following priority problems: reduction in quality and quantity of agricultural lands and grasslands, accelerated soil erosion and land degradation, overgrazing and desertification, extinction of species, subspecies and varieties, loss of support systems of fisheries and wildlife and inadequate institutional and operational mechanisms essential for land use planning.**

**Analysis:** While there are many ways to address this argument, the most convincing will be to press the affirmative on establishing how much the IMF assists with food insecurity. If they cannot provide clear evidence stating a tangible impact, then this argument will be severely mitigated. Another way this argument could be particularly effective is if neg teams are running arguments about IMF increasing poverty. If the IMF increases poverty, then food insecurity would also be fueled by the poverty the IMF contributes to. Neg teams could use this as a way to cross apply case as a response

### A/2: IMF is beneficial to Sub-Saharan Africa

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**Answer:** The IMF has been actively harmful to South Africa and other nations.

**Example:** South Africa would have been harmed by IMF intervention

Misheck Mutize, 8-8-2017, "Why South Africa shouldn't turn to the IMF for help,"

Conversation. 8 Aug. 2017. Web. 6 Mar. 2021.

<https://theconversation.com/why-south-africa-shouldnt-turn-to-the-imf-for-help-82027>

**First, historical evidence suggests that IMF administered rescue programmes are actually a recipe for disaster. They worsen rather than rescue the situation.** Second, to suggest that South Africa's problems are financial in nature is a dangerous misdiagnosis. It will distract the government from the critical issues it needs to address which have little to do with the finances. Third, one of the main driving factors of the current economic predicament is a loss of investor confidence. This is linked to other factors like policy uncertainty, political instability within the ruling party and mismanagement of public resources mixed with corruption. **An IMF bailout won't address these problems.** **And lastly, hopping onto the IMF programme would disturb the country's commitment to reforming the global multilateral financial world.** South Africa is part of the BRICS bloc which is grooming a new and perhaps alternative multilateral development finance institution called New Development Bank. If anything, South Africa must look to BRICS if it needs financial rescue.

**Precedent:** The IMF has hampered development in most cases.

Jan Wilhelm. 09-14-2018. "The IMF Comeback in Africa." Deutsche Welle. 14 Sep. 2018. Web. 8 Mar. 2021. <https://www.dw.com/en/the-imf-comeback-in-africa/a-45489734>

The reform packages came with the so-called "Washington consensus" prescriptions, which comprised a reduction in agricultural and industrial subsidies, tax cuts, the privatization of state entities and free trade policies. But, rather than ensuring economic upswing, the reforms exacerbated the economic problems of the recipient countries. **"All things considered, one can say these adjustment programmes were not successful,"** said Rainer Thiele, an Africa expert at the Kiel Institute for the World Economy in Germany. In fact, most countries had their repayment difficulties in check in the short term, Thiele told DW. **However, they subsequently failed to make it onto the "long-term growth path."** Meanwhile, even IMF economists criticize the organization's methods. In an internal paper published in journal in 2016, the authors said that at least some of the reforms that were imposed in the past had led to more inequality and hampered economic growth.

**Warrant:** IMF loans do not address root problems

Deutsche Welle . 09-14-2018. "The IMF comeback in Africa," Deutsche Welle. 14 Aug. 2018. Web. 6 Mar. 2021. <https://www.dw.com/en/the-imf-comeback-in-africa/a-45489734>

**Sylla argues that China's willingness to hand over money does not change the problem, the concentration of African economies on natural resources. African economies on "African countries are generally indebted because they export raw materials and import the rest," he said. In the 1980s and 1990s, the falling prices of commodities such as oil, cocoa and diamonds, coupled with rising interest on external debt, drove African countries into crisis. "We have to address the indebtedness**

**problem at its roots,"** said Sylla. That would mean providing the room for African countries to develop their own agriculture and industry. "And that means not accepting the agenda of free trade advanced by the IMF, the World Trade Organization and also by the European Commission," he said. **Chinese credit on the basis of commodity concessions is actually not a solution to Africa's debt problems in the long-run, the Angolan example shows.** Experts estimate that the country has racked up debt of 25 million dollars to China, secured through oil revenue. But, according to a report by the Financial Times, this possibility is largely exhausted: That amount of oil has already been set aside for credit repayments. **Angola's appeal to the IMF for assistance is a sign that in the future Africa also cannot renounce the controversial organization in Washington.**

**Mitigation:** It is unclear how positive of an effect the IMF has had in Sub Saharan Africa

Mindy Hauman. 2-7-2018, "The IMF in sub-Saharan Africa," White & Case Llp. 7 Feb. 2018. Web. 8 Mar. 2021.

[https://www.lexology.com/library/detail.aspx?g=b530b713-164d-4cf3-8689-d0263828e02a&\\_\\_cf\\_chl\\_jschl\\_tk\\_\\_=35f35648c419547d709ab692441b2f66e6dc317d-1615181374-0-AQjw43\\_T8t-TEuI9UBdpdGNeoXFnEYMTgsJ6ilkxDinub5m345FZfPx8cxGGqKDwl1rQcr0HWmOOLtPVC4MuY8PTE9GpyylU1iuyHN\\_Agz6S1Htehj7U9fjLneSeo9IGamorkoQZeCAtKWIKTbGGs-gEscjHYdaQ-jlbScfcFcBilz\\_qWvgcqWHt2pWAcgjQzdJ8PsiaHowp378dR9RZMIFM4VB-56FeChWGhY8u47JzXhoKz\\_z97KsjWud6CyFmVh7I3i0uRk1RqkvNAe7jWJvs9cFUW6ljPNNg3S2AAHmqA7vziVGqaBFsJ-1G7mnjAYeyrva62tq1klmFS8TD8uxrEU78y3RMbj04lY2RPlllealsY8SpZcOZ2QkK\\_kz2InNxpMZSgJRRAarnhNVSMg](https://www.lexology.com/library/detail.aspx?g=b530b713-164d-4cf3-8689-d0263828e02a&__cf_chl_jschl_tk__=35f35648c419547d709ab692441b2f66e6dc317d-1615181374-0-AQjw43_T8t-TEuI9UBdpdGNeoXFnEYMTgsJ6ilkxDinub5m345FZfPx8cxGGqKDwl1rQcr0HWmOOLtPVC4MuY8PTE9GpyylU1iuyHN_Agz6S1Htehj7U9fjLneSeo9IGamorkoQZeCAtKWIKTbGGs-gEscjHYdaQ-jlbScfcFcBilz_qWvgcqWHt2pWAcgjQzdJ8PsiaHowp378dR9RZMIFM4VB-56FeChWGhY8u47JzXhoKz_z97KsjWud6CyFmVh7I3i0uRk1RqkvNAe7jWJvs9cFUW6ljPNNg3S2AAHmqA7vziVGqaBFsJ-1G7mnjAYeyrva62tq1klmFS8TD8uxrEU78y3RMbj04lY2RPlllealsY8SpZcOZ2QkK_kz2InNxpMZSgJRRAarnhNVSMg)

**The impact of a country's participation in an IMF program on the yield on its sovereign bonds may be more complicated still.** Research on bond issues in emerging markets

since 1991 has found that spreads are typically lower in countries participating in an IMF program. However, the existence of an IMF program may, rather than mollify investors, instead signal to them that the relevant country's credit is riskier, particularly where debt-to-GDP ratios are high. Indeed, when debt-to-GDP ratios are above 60 percent, the positive impact on spreads has been shown to disappear, even in the presence of IMF lending.<sup>4</sup> **The possibility of default is generally considered higher for sovereigns participating in an IMF program with high debt ratios as compared to sovereigns not participating in a program, given countries requiring IMF support already face long-term vulnerability and support programs are not always sufficient to eliminate associated risks of default.** By way of example, the coupons on Ghana's sovereign bonds issued before the IMF extended its first ECF to Ghana in 2015 (when the country's gross public debt as a percentage of GDP stood at approximately 71 percent) were actually lower than the coupons on sovereign bonds issued subsequent to the IMF's intervention in the country, including, notably, Ghana's October 2015 eurobond, which benefited from a partial World Bank guarantee. **Unsurprisingly, the fact that a country benefits from IMF support is rarely sufficient to lift the rating of its sovereign bond out of sub-investment-grade status.** Indeed, every African country with outstanding eurobond issues currently has at least one sub-investment-grade rating from the major rating agencies. The IMF has for years played an important role in the evolving economies of sub-Saharan Africa. **However, the specific correlation of IMF program participation to sovereign bond performance and investor sentiment is less clear-cut, in part because of the wide range of factors that must be taken into account, as well as the relative "youth" of the sub-Saharan African sovereign debt market.** It is undeniable, however, that IMF involvement has been, and will continue to be, an important consideration for anybody investing in sub-Saharan African sovereign debt.

**Analysis:** There is plenty of literature that discusses the potential harms of IMF loaning in Africa. Teams should focus on establishing loan failure to make meaningful economic change within Africa and to prove that these loans lead to long term problems rather than meaningfully

fixing things in the short term. Another route teams may want to take is by non uniqueing the argument because of China's current influence in Africa and their ability to give loans.

### A/2: IMF was helpful during COVID 19

**Warrant:** IMF turns will push austerity on the countries taking loans

Anna Ratcliff. 10-12-2020. "IMF paves way for new era of austerity post-COVID-19 ,"

Oxfam International. 12 Oct. 2020. Web. 10 Mar. 2021.

<https://www.oxfam.org/en/press-releases/imf-paves-way-new-era-austerity-post-covid-19>

**Over 80 per cent of the International Monetary Fund's (IMF) Covid-19 loans recommend poor countries hit hard by the economic fallout from the pandemic adopt tough new austerity measures in the aftermath of the health crisis, Oxfam warned today. New research shows that since the pandemic was declared in March, 76 out of 91 IMF loans -- 84 per cent - negotiated with 81 countries push for belt-tightening that could result in deep cuts to public healthcare systems and social protection. It comes after the World Bank projected that up to 115 million more people will fall into extreme poverty this year, the first increase in more than two decades. Ana Arendar, Oxfam Head of Inequality Policy said: "At a time when the progress against poverty is being set back decades, this is exactly the wrong instruction for the IMF to be giving poor countries. It is nothing short of unacceptable that the IMF is using its power to make life harder for people already struggling to survive. Millions more people are likely to be left without healthcare or income support while they search for work, thwarting any hope of a sustainable recovery.**

**Warrant:** The COVID response has been uneven across countries

Chris Seabury, 9-16-2020, "Can The IMF Solve Global Economic Problems?,"

Investopedia. 16 Sep. 2020. Web. 10 Mar. 2021.

<https://www.investopedia.com/articles/economics/09/international-monetary-fund-imf.asp>

Second, **the response to the crisis has vividly exposed the inequalities between countries, something that the IMF has not shied away from. As IMF's Managing Director put it, "some were able to do more than others. For advanced economies, it is whatever it takes. Poorer nations strive for whatever is possible."** Despite IMF rhetoric in favour of increasing public spending, **it continues to lock developing countries into decades of austerity, putting the achievement of the SDGs and the Paris climate agreement in jeopardy.** As both Eurodad and Oxfam research showed last week, the IMF is still playing a very problematic role in developing countries. According to Eurodad's figures, 72 out of 80 countries that have received IMF financing are projected to begin a process of fiscal consolidation as early as 2021, which "could result in deep cuts to public healthcare systems and pension schemes, wage freezes and cuts for public sector workers such as doctors, nurses and teachers, and unemployment benefits, like sick pay". This issue is mobilising civil society from around the world, as was reflected in the letter signed by hundreds of civil society organisations and academics, which called on the IMF to immediately stop promoting austerity.

**Warrant:** IMF refuses to suspend debt payments in order to allow them to focus on their COVID response

Soren Ambrose. 04-20-2020. "IMF Meetings Fail." Action Aid. 20 Apr. 2020. Web. 10 Mar. 2021. <https://actionaid.org/opinions/2020/imf-meetings-fail-agree-support-protect-developing-countries-covid19>

ActionAid is among more than 100 organisations calling for countries' debt to be cancelled to enable them to invest in health and social protection. **In the run up to last week's meetings, the IMF agreed debt relief for 25 mostly low income countries,**

cancelling \$215 million in payments over the next six months. G20 finance ministers went on to announce that they would freeze bilateral government loan repayments for low-income countries until the end of the year, worth more than \$20 billion. But the debt crisis runs far deeper and will not be successfully addressed by this light relief package. ActionAid is responding to the COVID-19 crisis in countries with crumbling health services, such as Kenya where health centres in 37 out of 47 counties have no access to personal protective equipment, and Tanzania where there are only two doctors per 100,000 people. **The G20 debt relief will provide an immediate respite for some governments and allow them to increase spending on vital public services, but it just postpones payments and in the long term will end up pushing countries further into debt and poverty. And disappointingly the IMF board was last week unable to agree on terms for suspending debt payments owed the IMF during the same 7-month period covered by the G20 commitment.** This is inexcusable when the IMF holds huge gold stocks worth upwards of \$130 billion.

**Mitigation:** The IMF does not have enough resources to lend

Edwin Truman. 3-29-2020, "The IMF will need more resources to fight the COVID-19 pandemic," 29 Mar. 2020. Web. 10 Mar. 2021.

<https://www.piie.com/blogs/realtime-economic-issues-watch/imf-will-need-more-resources-fight-covid-19-pandemic>

**Total IMF resources are \$1.3 trillion, unchanged from the end of 2012. However, only half is available for lending. A portion has already been committed, and some members' weak financial conditions do not allow them to lend hard currencies to the IMF.** The Fund also sets aside prudential balances against the use of both quota and borrowed resources because the lenders acquire a claim on the Fund that may have to be honored. However, the \$787 billion is the current maximum lending capacity because

if a member whose quota is expected to be available for lending to another member instead borrows from the Fund, this not only increases the Fund's lending commitments but also reduces the amount of funds available to lend to other members. Uncertainty also surrounds the continued availability to the IMF of the borrowed resources.

Members must renew their reduced bilateral lending arrangements and double their commitments to the New Arrangements to Borrow (NAB) by the end of the year.

Because the US share of the NAB is 15.5 percent and the effectiveness of its renewal is conditional on agreement by participants accounting for at least 85 percent of the total, the United States had to reauthorize and double its participation in the NAB to maintain IMF resources at their current level. The US administration pledged to do so, and the Congress approved the request in the legislation passed on March 27 to their collective credit. Other countries should promptly follow suit.

**Analysis:** Teams encountering this argument can approach it in a few ways. The first way would be to consider the loans as similar to any other IMF loans and discuss the harms of them. In using that tactic, neg teams can also use the devastation of COVID as a weighing mechanism because any harms that come with the loans will be magnified because of the economic environment. Another way to approach it is through asking the pro team specifically about impacts. Not enough time has passed for pro to see concrete impacts from the loans, so neg teams should call their analysis out on being speculative.

### A/2: IMF provides helpful surveillance

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**Answer:** IMF economic monitoring is ineffective.

**Historical Precedent:** IMF surveillance ineffective, Portugal

Martin Eichenbaum. 02-16-2005. "The Portuguese Crisis and the IMF." Independent Evaluation Office of the IMF. 16 Feb. 2005. Web. 10 Mar. 2021.

[https://fronteirasxxi.pt/wp-content/uploads/2017/06/EAC\\_\\_BP\\_16-02\\_05\\_The\\_Portuguese\\_Crisis\\_and\\_the\\_IMF-v2.pdf](https://fronteirasxxi.pt/wp-content/uploads/2017/06/EAC__BP_16-02_05_The_Portuguese_Crisis_and_the_IMF-v2.pdf)

We evaluate the IMF's role in the 2011 program for Portugal and its surveillance of the Portuguese economy in the preceding decade. **Our most important criticism of the Fund's surveillance is that it gave too little attention to the possibility of a painful sudden stop in capital flows to Portugal and to the role of private sector borrowing in making Portugal vulnerable to a sudden stop.** A major success of the IMF program is that it helped to re-establish Portugal's access to international capital markets. However, the sustainability of government debt remains fragile. Restructuring this debt was never seriously considered. If the IMF continues to view debt restructuring as being off the table, then the international community must develop institutions to regulate international lenders. If debt restructuring is on the table, then the international community must develop institutions to preemptively stop sudden stops.

**Historical Precedent:** IMF surveillance failed in Greece

T.T. Ram Mohan, 5-5-2010, "How the IMF Bungled the Greek Debt Crisis," Wire. 5 June. 2010. Web. 10 Mar. 2021. <https://thewire.in/economy/imf-and-greece-crisis>

Before the launch of the euro in January 1999, the IMF's public statements tended to emphasise the advantages of the common currency more than the concerns about it that were being expressed in the broader literature. How a monetary union could be effective without a fiscal, banking or political union is an issue that was flagged in the literature. **The IMF ought to have made a technical analysis of this crucial question. It failed to do so. In the run-up to the financial crisis, the IMF's surveillance failed to capture the build-up of risks in the Eurozone which was signalled by widening current account deficits of several countries.** The IMF staff did not view matters with objectivity. The IEO makes some damning observations: **Lack of analytical depth, rigor, or specificity and the failure to highlight sufficiently the need for stronger remedial action in a currency union were among the factors that undermined the quality and effectiveness of surveillance.** At the euro area level, IMF staff's position was often too close to the official line of European officials, and the IMF lost effectiveness as an independent assessor. The IEO report highlights "groupthink and intellectual capture", a "culture of complacency", "ad hoc task forces" and the non-availability of crucial documents.

### **Warrant:** IMF surveillance is not distributed evenly

Marcel Fratzher. 05-06-2007. "Is IMF Surveillance Even-Handed?" European Central Bank. 6 May. 2007. Web. 10 Mar. 2021. [https://www.peio.me/wp-content/uploads/2014/04/Conf1\\_Frätzscher.Reynaud\\_IMF.Surveillance.pdf](https://www.peio.me/wp-content/uploads/2014/04/Conf1_Frätzscher.Reynaud_IMF.Surveillance.pdf)

More precisely, our empirical analysis revealed two main results. First, the release of PIN exerts a significant effect on financing conditions of emerging markets. The financial market reaction we find underlines that there is indeed an insurance role implicit in IMF surveillance as countries that face difficulties, as indicated by the fact that they have an IMF program or draw on more than 140% of their quota, see their sovereign spreads fall on average by 10-20 basis points (b.p.) immediately in response to a PIN release. **But**

there appears to also be a political bias as the sovereign spreads of an EME decline by 15-20 b.p. if it has an IMF Executive Director, or holds a seat in the UN Security Council, or if it has a positive voting correlation with the USA in the UN. Hence the magnitude of this bias is economically sizeable. The findings are robust to various extensions and modifications. As the second main result, we find that economic policies and the macroeconomic performance deteriorate gradually after PIN releases for countries with political power at the IMF and UN relative to the control group, i.e. those of countries without such power. Overall, the findings indicate that the bias induced by the fact that the IMF is favouring those countries with political power amounts to an increase of sovereign spreads by 30-40 b.p. over a one- to two-year horizon due to the effect of the deterioration of macroeconomic fundamentals on financing conditions

**Warrant:** Surveillance did not detect 2008 crisis, one of the biggest econ crises of our times.

Tamar Gutner. 12-2015. "Evaluating the IMF's Performance in the Global Financial Crisis." American University. Dec. 2015. Web. 10 Mar. 2021.

[https://www.peio.me/wp-content/uploads/PEIO9/102\\_80\\_1443647577194\\_Gutner30Sept2015.pdf](https://www.peio.me/wp-content/uploads/PEIO9/102_80_1443647577194_Gutner30Sept2015.pdf)

The global financial crisis of 2008 triggered a rapid response by powerful states and their central banks, and resulted in moving the IMF back onto the center stage of global economic governance after a period of declining demand for its lending and advice.

**However, the IMF's newfound importance was not a result of past excellent performance, but its position as the “go-to” institution in times of economic trouble.** It was the recipient of a large infusion of resources and became a crisis manager, quickly moving billions of dollars out the door to countries in need. But its output performance following the crisis was mixed in key areas. **It dropped the ball in terms of foreseeing a crisis.** After the crisis hit, the IMF responded quickly and effectively. It created new

instruments, streamlined old ones, reformed its governance structure, and even adjusted some of its long-standing views on appropriate economic policies. While it is too early to evaluate the impact of some of its changes, one particularly positive note is that IMF actions in the third category reflect its intention to adapt and learn following its failure in the first category.

**Analysis:** Neg teams should press aff teams to clearly identify ways in which the IMF has actually and definitively detected economic threats. Neg teams should ask questions about the magnitude of threats the IMF is able to anticipate and back up their questions by mentioning the huge threats the IMF have not detected. With this framing, neg can attempt to beat aff on the ground of probability.

## A/2: IMF prevents predatory lending

**Answer:** Much like the organizations it likes to criticize, the IMF is merely a front for national interests.

**Warrant:** The US has a stranglehold over the IMF

Thomas Wade. "U.S. Participation in the International Monetary Fund (IMF): A Primer". American Action Forum.  
2018.. <https://www.americanactionforum.org/insight/u-s-participation-in-the-international-monetary-fund-imf-a-primer>

**"With over a 16 percent voting share, the United States is by far the largest single voting bloc. Many major decisions by the IMF require supermajorities of either 85 percent or 70 percent of its membership. For those decisions requiring 85 percent of member agreement by voting share, such as the adjustment of quotas, compulsory withdrawal of member nations (effectively expulsion), or amendments to the IMF's Articles of Agreement, the United States enjoys effective veto power. The U.S. commitment to the IMF, reflected in its quota, is about SDR 83 billion, which at the current SDR rate equates to almost \$116 billion. The United States has additional commitments to the IMF not reflected in its quota, however, specifically in supporting the New Arrangements to Borrow (NAB), which is a set of supplementary financing agreements that the IMF operates. The NAB's lending capacity was tripled in 2009 to address member needs during the financial crisis. The total U.S. commitment to the NAB stands at SDR 28.2 billion, or about \$39 billion. Between the quota and the NAB, therefore, the total U.S. commitment to the IMF stands at about \$155 billion."**

**Warrant:** The US also influences other major IMF bodies

Thomas Wade. "U.S. Participation in the International Monetary Fund (IMF): A Primer". American Action Forum.  
2018.. <https://www.americanactionforum.org/insight/u-s-participation-in-the-international-monetary-fund-imf-a-primer>

"A Board of Governors heads the IMF, with a governor and alternate governor for each member country, which meets annually. Although officially the most significant power of the IMF is vested in the Board of Governors, in practice it delegates most of its authority to an Executive Board of 24 Executive Directors. **Eight Executive Directors are fixed, with representatives from the United States, China, Germany, France, Japan, Russia, Saudi Arabia, and the United Kingdom remaining on the board permanently; the other Executive Directors serve as part of a geographical rotation.** The Executive Board is led by a Chairman who also serves as Managing Director, with Christine Lagarde currently serving in this role. Since the IMF's inception, a European has been Chairman of the Executive Board, while an American has been president of the World Bank, although this system is under some pressure for reform."

**Warrant:** The US has only increased its stake in the IMF

Thomas Wade. "U.S. Participation in the International Monetary Fund (IMF): A Primer". American Action Forum.  
2018.. <https://www.americanactionforum.org/insight/u-s-participation-in-the-international-monetary-fund-imf-a-primer>

**"Since 2009, the United States has adjusted its commitment to the IMF twice. First, the United States increased its quota by an estimated \$8 billion in 2009 and pledged \$100 billion to the NAB. This increase was enacted in the Supplemental Appropriations Act of 2009. The Act also directed the Congressional Budget Office (CBO) to record the costs of the increased commitment on a fair-value basis. This**

estimating methodology requires that costs of credit programs be performed on a present value basis as set forth in the Federal Credit Reform Act (FCRA), but with a discount rate adjusted for market risk, as opposed to using a rate derived from “riskless” Treasury securities. **In 2015, the United States adjusted its commitment to the IMF again, this time increasing its quota commitment by about \$60 billion but reducing its commitment to the NAB by the same amount..”**

**Impact:** The US uses the IMF as a foreign policy tool

Eric Toussaint. “Domination of the United States on the World Bank”. Committee for the Abolition of Illegitimate Debt. 2020. <http://www.cadtm.org/Domination-of-the-United-States-on-the-World-Bank>

**“In 2020, the World Bank (WB) and the IMF are 76 years old. These two international financial institutions (IFI), founded in 1944, are dominated by the USA and a few allied major powers who work to generalize policies that run counter the interests of the world’s populations. The WB and the IMF have systematically made loans to States as a means of influencing their policies.** Foreign indebtedness has been and continues to be used as an instrument for subordinating the borrowers. Since their creation, the IMF and the WB have violated international pacts on human rights and have no qualms about supporting dictatorships. A new form of decolonization is urgently required to get out of the predicament in which the IFI and their main shareholders have entrapped the world in general. New international institutions must be established. This new series of articles by Éric Toussaint retraces the development of the World Bank and the IMF since they were founded in 1944.”

**Analysis:** The IMF cannot simultaneously criticize other foreign lenders for having perverse incentives when it’s so thoroughly dominated by the United States, who seeks to use it as a tool for its own gain.

## A/2: IMF discourages risky-behavior

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**Warrant:** Moral Hazard is a form of leveraged risk taking

Ricki Tigert Helfer. "Rethinking IMF Rescues". Brookings. 1998.

<https://www.brookings.edu/research/rethinking-imf-rescues/>

**Moral hazard is a well-known problem in the world of banking and insurance. Policymakers seek to contain it for banks—which benefit from deposit insurance and central banking services—by requiring some portion of their assets to be backed by capital, or shareholders' funds, and by supervisory restraints on risk taking. Insurers seek to contain risk taking by requiring their insured to absorb some of the first dollars of their losses (deductibles) or by issuing insurance only up to some limit.** All of the speakers recognized that international financial rescues inevitably entail some moral hazard and all agreed that it is unlikely that international financial crises—marked by market panic and contagion—will disappear. A key challenge for policymakers is to balance the benefits of rescues when such crises occur against the costs associated with the distorted incentives that these rescues create.

**Warrant:** IMF loans encourage global risky behavior

Ricki Tigert Helfer. "Rethinking IMF Rescues". Brookings. 1998.

<https://www.brookings.edu/research/rethinking-imf-rescues/>

"In fact, the Asian crisis has highlighted two types of moral hazard: global and domestic. **Global moral hazard arises when lending by the IMF or individual countries (such as U.S. lending to Mexico in 1994-95) encourages potential borrowing countries to pursue policies that make them more vulnerable to currency runs and other crises.**

Allan Meltzer argues that the global moral hazard created by IMF rescues has played a

major role in the nearly 100 banking crises that have occurred in the developing world in the last 15 years. He says that without these rescues, banks would have behaved far more prudently. Other participants suggested, however, that most of these banking crises were not associated with the IMF, had purely domestic origins, and were often caused by poorly implemented financial liberalization policies.”

**Warrant:** IMF loans also encourage local moral hazard

Ricki Tigert Helfer. “Rethinking IMF Rescues”. Brookings. 1998.

<https://www.brookings.edu/research/rethinking-imf-rescues/>

**“Domestic moral hazard arises when actions and cultures within countries themselves lead to excessively risky behavior.** So-called crony capitalism—implicit government guarantees of uneconomic bank-financed projects—is a prime example. Financial decisions stem from corruption and political expediency rather than from economic rationality. Virtually all of the participants agreed that domestic moral hazard is a much more important source of Asia’s problems than global moral hazard. **Meltzer said that domestic moral hazard flows not from the prospect of IMF guarantees but from policymakers taking risks by guaranteeing private sector debt that they know may result in financial disaster.** He argued nevertheless that the prospect of international financial rescues can aggravate domestic moral hazard by making it easier for governments to provide private sector guarantees. However, others questioned whether the possibility of financial rescues really works in this fashion. After all, political leaders must take political heat for having to admit their failed policies and may even have to sacrifice their jobs.”

**Warrant:** IMF moral hazard makes crisis more likely

Barry Eichengreen. "Can the Moral Hazard Caused by IMF Bailouts be Reduced". Center for Economic Policy Research. 2001.

[https://cepr.org/sites/default/files/bulletin/2001\\_spring\\_bulletin/imf\\_moral\\_hazard.htm](https://cepr.org/sites/default/files/bulletin/2001_spring_bulletin/imf_moral_hazard.htm)

**"Since the Mexico crisis in 1994, a consensus has grown that IMF rescue packages are a major source of moral hazard. The moral hazard arises because financial assistance to countries hit by financial crises results in private-sector investors exercising less caution, in the belief that the Fund will always ensure they are repaid. This resulting excessive risk-taking not only weakens market discipline but also increases the likelihood of future crises.** The failure of the Fund to resolve this problem provides ammunition for those who insist that the IMF is part of the problem rather than part of the solution. In addition, because the Fund is almost always paid back, these loans are effectively transfers from the taxpayers in the crisis countries to international investors; a situation that seems unacceptable on both equity and efficiency grounds."

**Warrant:** Major reforms are needed to solve the moral hazard issue

Barry Eichengreen. "Can the Moral Hazard Caused by IMF Bailouts be Reduced". Center for Economic Policy Research. 2001.

[https://cepr.org/sites/default/files/bulletin/2001\\_spring\\_bulletin/imf\\_moral\\_hazard.htm](https://cepr.org/sites/default/files/bulletin/2001_spring_bulletin/imf_moral_hazard.htm)

**"The answer to these problems would seem to lie in ensuring private-sector participation in any future crisis: investors must bear at least some of the costs of crises if they are not to disregard the risks of lending altogether. Hence ensuring that investors are 'bailed-in', rather than 'bailed-out', is central to any strategy that seeks to limit moral hazard.** Furthermore, the increase in the size of capital flows in emerging markets means that the Fund often does not have the resources to stabilize a country in

financial crisis without the participation of the private sector. While there is agreement in principle that more private-sector participation is needed, how this is to be achieved in practice still remains contentious.”

**Analysis:** While the IMF may not claim to be a risk-taking organization, by funneling money into struggling economies, it encourages risk-taking on behalf of others. Countries do not need to fear repercussions if they know that a bailout is always on the horizon.

### A/2: IMF lending encourages good policy

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**Answer:** Attaching conditions to loans make it harder for poor countries to repay them, furthering the cycle of poverty.

**Warrant:** IMF loan conditions are rising

Staff Writer. "IMF conditionalities promote unhealthy conditions". Public Services International. 2019. <https://www.world-psi.org/en/imf-conditionalities-promote-unhealthy-conditions>

"The focus of this EURODAD research was the International Monetary Fund (IMF) practice of attaching policy conditions to its loans, particularly for crisis-hit countries. It investigated the conditions attached to IMF loans for 26 country programmes that were approved in 2016 and 2017. Its findings were compared to those of a previous study of the Network covering IMF programmes approved in 2011 to 2013. **Contrary to the IMF's stated commitment to streamlining its conditionalities and limiting these to considerations of macro-critical resilience, conditions for loans and reviews of loans have been on the increase. The 26 programmes together had 227 quantitative conditions (i.e. an average of 8.7 per programme) and 466 structural conditions (i.e. an average of 17.9 per programme). Meanwhile, the average number of conditions per loan between 2011 and 2013 was 19.5.."**

**Warrant:** Loan conditions tend to impose dramatic austerity on countries

Staff Writer. "IMF conditionalities promote unhealthy conditions". Public Services International. 2019. <https://www.world-psi.org/en/imf-conditionalities-promote-unhealthy-conditions>

“Quantitative conditions for IMF loans, otherwise described by the institution as quantitative performance criteria (QPCs) “relate to macroeconomic variables under the control of the authorities, such as monetary and credit aggregates, international reserves, fiscal balances, and external borrowing”. Structural conditions, or Structural Benchmarks (SBs) as they are called, involve economic reforms that require legislation and critical policy changes. **These conditionalities undermine the sovereignty of countries which receive IMF facilities. They tend to promote austerity measures, with cuts in the funding of public services, such as healthcare delivery..”**

**Warrant:** Austerity hurts health outcomes

Staff Writer. “IMF conditionalities promote unhealthy conditions”. Public Services International. 2019. <https://www.worldpsi.org/en/imf-conditionalities-promote-unhealthy-conditions>

“**There are many pathways through which IMF conditionalities impact on health systems and access to health services – in particular, debt service payments, fiscal deficit reduction and limitations to public sector employment.” Much needed funds for health services get committed to debt service payments. And to meet fiscal deficit targets set as quantitative conditionalities, governments are constrained to constrict public health expenditure. Indeed, in 23 out of the 26 country programmes, “financial consolidation” (a euphemism for austerity measures) is clearly spelt out in the programme objectives, policies and strategies.** The continued neoliberal thrust of IMF loan facilities undermines the possibility of achieving the Sustainable Development Goals. Health is a fundamental poverty-related sector which is particularly vulnerable to decreased spending. Debts incurred by less developed countries is generally considered by the IMF in macroeconomic terms with little explicit account taken of the link between debt and the achievement of social development goals.”

**Warrant:** Austerity is bad for cyclical economics

David Lubin. “IMF’s \$1tn lending power is not all it is cracked up to be”. Financial Times 2020.. <https://www.ft.com/content/7d386d88-615e-45b9-8072-037f5d55dd50>

“Managing a panic, therefore, requires lending to stricken borrowers “whenever the security is good”, as Bagehot put it. The IMF has had to invent its own form of collateral, and conditionality is the result. **The problem, though, is that belt-tightening is a completely inappropriate approach to managing the current crisis. Countries are stricken not because they have indulged in any irresponsible spending sprees that led to a shortage of foreign exchange, but because of a virus beyond their control.** Indeed, it would seem almost grotesque for the fund to ask countries to cut spending at a time when, if anything, more spending is needed to stop people dying or from falling into a permanent trap of unemployment. The obvious solution to this problem would be to increase the amount of money that any country can access from the fund’s emergency facilities well beyond the \$100bn now available.”

**Impact:** The IMF gives no alternative to conditionality.

David Lubin. “IMF’s \$1tn lending power is not all it is cracked up to be”. Financial Times 2020.. <https://www.ft.com/content/7d386d88-615e-45b9-8072-037f5d55dd50>

“ One way out of this might have been an emergency allocation of special drawing rights, a tool last used in 2009. This would credit member countries’ accounts with new, unconditional liquidity that could be exchanged for the five currencies that underpin the SDR: the dollar, the yen, the euro, sterling and the renminbi. **That will not be happening, though, since the US is firmly opposed, for reasons bad and good.** So in the end the IMF and its shareholders face a huge problem. It either lends more money on

easy terms without the “collateral” of conditionality, at the expense of undermining its own balance sheet; or it remains, in systemic terms, on the sidelines of this crisis..”

**Analysis:** The IMF may claim that their conditions are designed to help the borrower, but disproportionately they are coercive and inflict suffering on the nation’s inhabitants.