

A recent article by Christopher Swan of Bloomberg News should attract the attention of GCE members, as its headline announces: *Strauss-Kahn Recasts IMF as Protector of Safety Nets for Poor*

*The article can be found here:*

<http://www.bloomberg.com/apps/news?pid=20601087&sid=a6hUyEbmEzpA&refer=home#>

GCE members should scrutinize this news with scepticism, given that the IMF has long imposed low inflation and deficit spending targets on developing countries, especially in Sub-Saharan Africa (SSA), which have worked against countries' abilities to grow their own economies and generate domestic revenues for their own development priorities, such as health and education. Indeed, one of the primary reasons governments cannot hire enough teachers to scale up the education sector and achieve EFA goals is exactly due to these restrictive monetary and fiscal policies which reduce the budget available for public spending on education, including teachers' salaries.

Instead of adopting more flexible fiscal and monetary targets in current programs with low-income countries (LICs), which is exactly how northern countries are weathering the current financial crisis, the IMF continues to push for single digit inflation and no-to-low deficit spending throughout SSA. While continuing the policies that result in resource deprivation and the destruction of the public education system in developing countries, the IMF is promoting a PR campaign claiming to protect safety nets for the poor. What is more valuable to poor people than the long-term benefits derived from free universal education?

The IMF is blowing its own horn and garnering some praise, especially from spokespeople with current or recent links to the IMF, for "insisting that countries boost spending on social safety nets as a condition for aid. To secure a \$7.6 billion loan, Pakistan in November agreed to triple funding for programs that include cash handouts and electricity subsidies." These new loan conditions are presented as IMF "focusing on people instead of big investors and multinational companies" without being viewed critically as palliative aid in the midst of structural impoverishment.

The same article states that DSK "overhauled the fund's voting structure to give developing countries more power over decisions", a gross over-statement of recent voting power reforms that in truth did not change the balance of decision making power over IMF operations or reduce the US' sole veto power at the IMF Executive Board.

Long term critics are not persuaded, as the issue of forcing governments to cut spending and raise interest rates continues, mirroring the bad policy advice the IMF has been lambasted for, which were found to have deepened recessions in Asia and Latin America during the late 1990s and early in this decade.

So while the article captures the IMF's desire to "overturn the IMF's reputation as the bad guy" and cites an observer who claims "It is clear that Strauss-Kahn has learned from the fund's past mistakes and is determined that the IMF will not be painted as the villain this time round" for many LICs and especially for SSA, the policies, like the song, remain the same.

