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For More Information and
Copies of the Study Contact:
[Tony Avirgan](#) 202/898-1566
or Mark Whiteis-Helm 202/783-7400

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STUDY EXPOSES IMF FAILURES

Calls for Sharply Reduced Role for Institution

A report on the impact of IMF economic programs in five countries concludes that the programs have led to serious economic, social and environmental problems.

The report is based on local studies commissioned by The Development GAP and Friends of the Earth in Mexico, Nicaragua, Hungary, Senegal and Tanzania. It concludes that the IMF has “greatly increased the economic vulnerability of nation after nation.”

In Mexico, the report states, IMF programs have “caused an economic depression, pushing millions of farmers out of agriculture, bankrupting thousands of small businesses, and drastically slashing jobs and wages.”

In Nicaragua, the study says, “financial-sector deregulation, narrowly focused and without adequate prior institutional reform, has directed capital toward short-term, high-interest deposits and away from productive investment, particularly the activities of small-scale producers in both the agricultural and manufacturing sectors.”

The research found that, in Tanzania, IMF programs have reoriented agricultural production toward exports and have thus produced “expanding rural poverty, income inequality and environmental degradation... Food security, housing conditions and primary-school enrollment have fallen while malnutrition and infant mortality have been on the rise.”

Senegal, after 18 years of IMF programs, “has experienced declining quality in its education and

health-care systems and a growth in maternal mortality, unemployment and the use of child labor.” The study says that women have suffered the most under IMF programs.

In Hungary, under IMF tutelage, liberalized trade, tightened money supply and rapid and ill-considered privatization have led to greatly increased unemployment and a redirection of resources away from education and social services and to wealthy bond holders.

Carol Welch, International Policy Analyst at Friends of the Earth, said “The IMF has a consistent record of environmental and economic destruction and poverty exacerbation. We have to expose this and stop the Fund’s attempt to establish a permanent austerity program for the poor countries.”

Doug Hellinger, Executive Director of The Development GAP, added “At a time when the IMF is seeking an enhanced role for itself -- in the poorest countries and in the global financial system -- its record of rewarding investors at the expense of the majority of citizens around the globe speaks for itself.”

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