



## **Interview with Ernst Wolff on the IMF**

*Note: This transcript may not be 100% accurate.*

**acTVism:**

**What motivated you to write the book "*Pillaging the World. The History and Politics of the IMF*"?**

Ernst Wolff:

Well I was born in 1950, so in 1968 when the student revolution began I was 18 years old and I got interested in economics. Of course I read Karl Marx like everybody else then, and this interest in economics has always stayed with me for 40 years. I have worked in different jobs: I have been a script writer, I have been a teacher but this interest has always stayed with me. And then about 10 years or 8 years ago I found out that there was no book on the history of the IMF and I always thought the IMF was a very important organization. So I started to do some research on this and I decided to write a book on the IMF. I never that it would be that difficult because the material was so abundant but the outcome was actually the book and actually it kind of made me feel that my suspicion that the IMF was a very rotten organization was absolutely.

**acTVism:**

**Under what context was the International Monetary Fund (IMF) founded?**

Ernst Wolff:

The origins of the IMF dates back to the conference of Bretton Woods. From our point of view nowadays the conference of Bretton Woods has to be seen as the most important conference of the 20th Century because the result of the conference of Bretton Woods affect the lives of more than 7 million people in this world today. The conference of Bretton Woods in 1944 took place in a very special historical situation - the British Empire had come to an end and a new superpower had emerge - The United States. The United States had the biggest industry at that time, every second commodity or every second that was produced in 1944 was produced in the United States. They held two thirds of the world's gold reserves and they had the strong army. They were the only nation that had the atomic bomb at that time. So they were the number one superpower but they had one

problem: They needed markets. Their industry produced more goods than their own markets could absorb. So they had to look for new markets - so in order to conquer these new markets they established the system of Bretton Woods, which did something that had never existed in the world before. They made their own currency the lead currency of the world. They made the dollar the world's lead currency. The dollar was pegged to gold at 35 dollars an ounce and every other currency in the world was pegged to the dollar. So that established the domination of the dollar that exists until this day.

**acTVism:**

**Why was the International Monetary Fund founded? What can you tell us about its history?**

Ernst Wolff:

The idea of the IMF was conceived at the Conference of Bretton Woods and the IMF was actually founded one or two years later. And its task was to oversee the implementation of the new world global financial system and that is the role of the US dollar as the lead currency - and that is what the IMF actually did in the 1940's and in the 1950's. It became sort of a watchdog for the implementation of the US dollar as the world's lead currency. And then in the 1960's the role of the IMF actually changed.

In the 1960's a lot of African countries became independent and these countries of course had fought for their independence and most of the new governments were kind of left-wing governments that had strong ties to the Soviet Union. So in order to find their place in the world markets these countries [they] needed money and they had to take out loans but the Western banks were not willing to give them loans so that is when the IMF stepped in as the lender of last resort. The IMF stepped in and gave out loans to these countries but they gave them out at very harsh conditions and that's where "conditionality", which is one of the most important aspects of IMF lending - where that has its origin. That is the IMF gave out loans to African countries under the condition that they would like cut back their spending, that they would cut back expenses for education, for healthcare, for old age pension and that they would implement certain people in the jobs of the central bankers for example - so they exercised a lot of influence in these countries and they took away a part of these countries sovereignty.

**acTVism:**

**What effects do the IMF's policies have on the social and cultural fabric of a country?**

Ernst Wolff:

Well I can tell you exactly how it effects that because in the late 70's the IMF set up its structural adjustment programs. There are 4 pillars to these structural adjustment programs: Stabilization, Deregulation, Privatization and Liberalization. And take for example liberalization. Liberalization means that the flow of commodities and capital should be liberalized, that is these countries should open up their markets for big companies from the US and from Europe. As soon as you open up these markets these big companies become competitive to the small farmers in these countries so the small farmers cannot survive. It is impossible for a small farmer who raises like about 500 chickens to compete with an American food company. It is absolutely impossible. So liberalization has had a really dreadful effect on these small farmers. They all lost their basis for their livelihood.

That's one thing. Deregulation means that the small banks in these countries were kicked out of business and the big banks of the United States and Europe took over. Privatization means that these countries in order to pay back their loans had to privatize all their public utilities - that is like their water supply, the electricity supply and so on went to Western companies and that meant that prices went up so people had to pay more, some people couldn't pay for water anymore so their human right to access water was taken away from them and the consequence was that a lot of people actually died of hunger and starvation.

**acTVism:**

**What terminology does the IMF employ and is there Orwellianism at play here which cloaks its actual practices?**

Ernst Wolff:

Yeah Labour flexibility sounds very good at the surface but what does it mean? It means that somebody who works for 8 hours a day has to be able to work for 24 hours a day because if his employer calls him and tells him you can work for 4 hours today but we need you to work for 4 hours tomorrow night, he has to do that. That is the meaning of flexibility. I mean George Orwell was a very wise man and double speak is one of the most important aspects of the IMF - those rescue packages were no rescue packages, those were loans for which those countries have to pay interests. So that doesn't have anything to do with a rescue package, because to me a rescue package would be given them money in order to survive and not demanding any interest on this money. So double speak is like a very very important thing and all the leaders of the IMF, which are all corrupt people, are very good at double speak. I mean just take a look at the last three leaders of the IMF they are all very corrupt people, it's Rodrigo Rato, it's Dominique Strauss-Kahn and It's Christine Lagarde - and all three of them are facing trials because of embezzlement and fraud. So I mean the head of this organization kind of representatives its ethics and its moral which are absolutely non-existent.