



## Structural Adjustment: How the IMF/World Bank Exploits the Globe

IMF / World Bank Demands	Benefits for the Rich	Impacts on the Poor
<p style="text-align: center;"><b>Cut Social Spending:</b> Reduce expenditures on health and education. [IMF claims it is now making sure such spending goes up, but often it's to put in place systems to collect fees.]</p>	<p>* More debts repaid.</p>	<p>* Increased school fees force parents to pull children -usually girls- from school. Literacy rates go down.</p> <p>* Poorly-educated generation not equipped for skilled jobs.</p> <p>* Higher fees for medical service mean less treatment, more suffering, needless deaths.</p>
<p style="text-align: center;"><b>Shrink Government:</b> Reduce budget expense by trimming payroll and programs.</p>	<p>* Fewer government employees means less capacity to monitor businesses' adherence to labor, environmental, and financial rules.</p> <p>* Frees up cash for debt service.</p>	<p>* Massive layoffs in countries where government is the largest employer.</p> <p>* Makes people desperate to work at any wage.</p>

<p><b>Increase Interest Rates:</b> to combat inflation, increase interest charged for credit and awarded to savings.</p>	<p>* Investors find country a profitable place to park cash, though they may pull it out at any moment.</p>	<p>* Small farmers and businesses can't get capital to stay afloat.</p> <p>* Small farmers sell land, work as tenants or move to worse lands.</p> <p>* Businesses shut down, leaving workers unemployed.</p>
<p><b>Eliminate Regulations on Foreign Ownership of Resources and Businesses.</b></p>	<p>* Multinational corporations can purchase or start enterprises easily.</p> <p>* Countries compete for foreign investment by offering tax breaks, Low wages, free trade zones.</p> <p>* Once in the country, corporations can turn to WTO for enforcement of "rights".</p>	<p>* Control of entire sectors of economy can shift to foreign hands. o Governments offer implicit pledges not to enforce labor and environmental laws.</p>
<p><b>Eliminate Tariffs:</b> Stop collecting taxes on imports; these taxes are often applied to goods which would compete with domestically-produced goods.</p>	<p>* Allows foreign goods easy access to domestic markets.</p>	<p>* Makes it harder for domestic producers to compete against better-equipped and richer foreign suppliers.</p> <p>* Leads to closure of businesses and Layoffs.</p>
<p><b>Cut Subsidies for Basic Goods:</b> Reduce government expenditures supporting basic necessities, food, etc.</p>	<p>* Frees up more money for debt payments.</p>	<p>* Raises cost of items needed to survive.</p> <p>* Most frequent flashpoint for civil unrest.</p>
		<p>* Law of supply and demand pushes down price of commodities</p>

<p><b>Re-orient Economies from Subsistence to Export:</b> Give incentives for farmers to produce cash crops (coffee, cotton, etc.) for foreign markets rather than food for domestic ones; encourage manufacturing to focus on simple assembly (often clothing) for export rather than manufacturing for own country; encourage extraction of valuable mineral resources.</p>	<p><b>* Produces hard currency to pay off more debts.</b></p> <p><b>* Law of supply and demand pushes down price of commodities as more countries produce more, meaning guaranteed supply of low-cost products to export markets.</b></p> <p><b>* Local competition eliminated for multinational corporations.</b></p> <p><b>* Increased availability of low-cost labor.</b></p>	<p><b>as more countries produce more, meaning local producers often lose money.</b></p> <p><b>* Best lands devoted to cash crops; poorer land used for food crops, leading to soil erosion.</b></p> <p><b>* Food security threatened</b></p> <p><b>* Women often relegated to gathering all food for family while men work for cash.</b></p> <p><b>* Makes country more dependent on imported food and manufactured goods.</b></p> <p><b>* Forests and mineral resources (oil, copper, etc) overexploited, Leading to environmental destruction and displacement.</b></p>
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