

The IMF Board Must Resign!

by Helga Zepp-LaRouche

Helga Zepp-LaRouche, Chairwoman of the German Civil Rights Solidarity Movement (BüSo), issued this press release on Feb. 10. It was translated from German.

In view of the scandalous incompetence of the total International Monetary Fund leadership, the organizational structure as well as its overall analysis and working methods, which the IMF internal Independent Evaluation Office (IEO) has practically certified, the only conclusion can be the immediate resignation of the entire IMF Board, as well as its leading associates. Or, they must provide proof that they are ready to correct the mistakes they have made.

Whether deliberately, or by coincidence, the IEO report reads like a defensive excuse for the abject failure of the Fund in the face of the totally appropriate accusations which had been raised two weeks ago in the Angelides Report, a.k.a., the Financial Crisis Inquiry Commission (FCIC) report, of the U.S. Congress, on the causes of the global financial crisis. The report, following an 18-month investigation, came to the conclusion that the global financial crisis could have been avoided, and that it was the result of human actions and omissions, and *not the work of Mother Nature, or computer models gone crazy*. The report names the repeal of the Glass-Steagall standard under former Fed chairman Alan Greenspan, and the resulting deregulation of the financial markets, as well as the total failure of financial institutions and regulatory agencies, as the main causes for the crisis.

The Angelides Report confirms, 100%, all the forecasts and analyses which my husband Lyndon LaRouche made in connection with the financial crisis. You can find a precise comparison of the investigative conclusions of the Angelides Commission and LaRouche's forecasts and analyses in *EIR*, Feb. 11, 2011, p. 34 (http://www.larouchepub.com/eiw/public/2011/2011_1-9/2011-06/pdf/34-43_3806.pdf).

A Long List of Admissions

In the 50-page IEO report, which was published on the Internet, the following amazing list of admissions can be found: The IMF was incapable of recognizing the risks in the financial system and issuing the appropriate warnings; it exhibited analytical weaknesses and organizational structural problems; it reflected group think, intellectual bias, false assumptions, and faulty analytical methods; lack of cooperation among departments; unclear lines of responsibility; dread of making critical statements; failure of supervisory bodies and avoidance of problems; organizational blindness; exclusive acknowledgement of information which coincided with prevailing expectations; gaps in knowledge, such that risks and weaknesses were no longer recognized; a mistaken conceptual system for explaining the connection between macroeconomic processes and the financial sector; stereotyped thinking, indoctrinated resistance against advice from the outside; a mentality of accommodation; and lack of punishment or penalties in the case of mistakes made on the basis of accepted assumptions.

In any normal firm, associates to whom the cited incapacities were attributed, would be immediately fired, or moved to a position where they could do no further harm.

The IMF has caused immense harm with its brutal conditionalities in many countries. The most dramatic example of the total failure of IMF policies is currently Egypt, where the Mubarak government has been foolish enough to carry out the Fund-mandated full privatization program, with the result that the precious national patrimony was sold off cheaply to foreign investors, unemployment stands at 30%, and poverty and hopelessness have become unbearable, above all among youth. The result is the foreseeable explosion now ongoing. The bitter poverty of billions of people throughout world is also the result of the incompetence of the IMF.

The comment of IMF head Dominique Strauss-Kahn, that the Fund has honestly acknowledged the mortifying fact of the failure, and promptly responded, is, after a three-and-a-half-year crisis, without any real countermeasures, really, a bad joke.

There is only one way that the IMF Board can show that it wants to correct its serious and multifaceted errors: It must support the immediate restoration of a global Glass-Steagall standard. Otherwise, resignation is the only option.