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Press release

## **As Dominique Strauss-Kahn takes up his post in Washington...**

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**As Dominique Strauss-Kahn takes up his post in Washington, CADTM demands full acknowledgement of the consequences of IMF operations since its creation**

Today, November 1 2007, Dominique Strauss-Kahn takes up his post as managing director of the the IMF after a long, skilfully orchestrated process: nomination by Nicolas Sarkozy in order to further weaken political opposition in France; swift approval of his nomination by the 27 countries of the EU so as to silence criticism of the tacit rule that systematically awards the directorship of the IMF to a European (in exchange for directorship of the World Bank by an American); a campaign through dozens of countries driven by a costly communications agency on the theme of the “reform” of the IMF and its support of poor countries; the surprise appearance of another candidate (the Czech Josef Tosovsky) who had not the slightest chance of being selected but who helped create the semblance of a democratic process; and finally, the selection by unanimous agreement of Dominique Strauss-Kahn.

CADTM denounces this much-publicized hat trick aimed at concealing the IMF’s very real legitimacy crisis. The countries of the South no longer want to call on the IMF because of the inevitable and brutal after-effects they will have to suffer. Many of these countries (including Brazil, Argentina and Indonesia) have even paid off their debt to the IMF in advance to rid themselves of its burdensome protection – to such an extent that the IMF can no longer cover its operating expenses and sees its very future at risk. This explains the necessary “reform” which, rather than bring democratic change that would benefit the poorest, is designed to ensure the IMF’s survival and counter the strong opposition now being voiced all over the globe.

For CADTM, there is no doubt than an exhaustive audit of the IMF is long due. As an institution, the IMF has, for over 60 years, been co-ercing the heads of so-called “developing” countries to implement economic measures that serve the interests of rich creditors and major corporations. For several decades, the IMF has given vital support to many despotic and corrupt regimes, from Pinochet in Chile to Suharto in Indonesia, from Mobutu in Zaire to Videla in Argentina, and still today from Sassou Nguesso in

Congo-Brazzaville to Idris Deby in Chad, to mention only some. Since the debt crisis of the early 1980s, the IMF has ruthlessly imposed structural adjustment programmes with dramatic consequences for the people of the South: drastic cuts in social spending and subsidies for products of basic necessity, the opening up of markets and the introduction of unfair competition between small producers and multinationals, export-oriented production, forfeiture of the principle of food sovereignty, massive privatization, taxation that widens the gap between rich and poor, etc.

The time has come for the IMF to be called to account. No institution can place itself above the authority of international documents and treaties, and yet the IMF, through its Articles of Agreement, grants itself total legal immunity. No reform of the IMF can be undertaken without the approval of the United States, which possesses an absolutely unacceptable power of veto. Therefore any proposed reform that would modify the international balance of power will be blocked by those who represent the financial heavyweights. In the view of CADTM, these factors preclude any possibility of acceptable change within the IMF.

In this context, there can be only one solution: since the IMF has clearly demonstrated its failure to deliver in terms of human development, but cannot be made to account for its actions over the last 60 years, CADTM demands its abolition and its replacement by a transparent and democratic institution whose mission will center on the guaranteed respect of fundamental rights.

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