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## IMF's outside experts

LET's not get too excited about the move to get "outside experts" to monitor the activities of the International Monetary Fund (IMF). Those outside experts may turn out to be the people Washington is comfortable with and very unlikely to include those who have been critical of the world body. Certainly, it will exclude people who have made known their views that the IMF is a failure. US Treasury Secretary Lawrence Summers says the decision to monitor the IMF work represents "important progress in making the world body a more accountable and transparent institution". But one must wonder if this is not an effort to save the fund and undermine the implementation of the proposed new international financial architecture.

Ironically, the appointment of outside experts to breathe down IMF's neck would be the closest the US and the fund itself have come to admitting that the IMF has not been transparent and lacks accountability. The fund did not specify where it needs to improve in terms of transparency and accountability, but the impression given here is that the flaws within the IMF may go far beyond those two aspects. The fund's policies, for example, have been doubtful in terms of their effectiveness and soundness. The way it handled the Asian crisis, which ravaged whole economies in East Asia and shook the political and economic foundations of Russia and some Latin America and African nations, was said to be seriously flawed, too. Of course, this the IMF never admitted to. Remember, Prime Minister Datuk Seri Dr Mahathir Mohamad was not the only one to think so. The World Bank was skeptical of the IMF's prescriptions for Asia, other government leaders had expressed their reservations, and master economists like Paul Krugman were writing off the fund's Asian strategies as a flop even as the crisis was worsening.

And remember too that it was the IMF, together with the Western media, which blamed the "excesses" of the governments of the crisis-hit countries for their woes. They said these governments lacked transparency and they accused these governments of cronyism, nepotism and corruption. Then they demanded greater transparency as a criterion for the aid these countries needed to rebuild their economies. They also demanded that these governments hand over businesses, including banks, which were given to cronies and relatives of the government leaders. Many banks were forced to close down in Indonesia as a result and major businesses, including some national projects, were brought under the management of foreign consultants in some of the crisis-hit countries.

Well, now it's clear that the IMF was not practising what it has been preaching about transparency and accountability. Does that make the fund corrupt and does it mean it was practising nepotism and cronyism? No, it does not make it so, just as it is now accepted that lack of transparency, corruption, nepotism and cronyism were not the reasons why this region was plunged into its deepest and worst economic crisis. Nonetheless, it makes sense that developing countries, especially those which have been hit by the various economic and financial crises they would come to know of in the last decade or so, are demanding for the introduction of a new financial architecture. The IMF and Washington must be reminded that this was the decision of the majority, not just a few developing countries.

They can still have their outside experts to look at the IMF's work but let's not lose sight of the objective of a better, more permanent solution

that the international community has agreed to. In fact, the findings of the outside experts could be used to form a basis for greater transparency and accountability for the proposed international financial architecture. Come to think of it, the relevant world authorities may want to appoint "outside experts" to look at some other activities, such as the hedge funds and the international financial institutions which have been bankrolling these funds.

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