

The IMF in Iraq: The Second Invasion

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*"IMF... Takes away everything it can get Always making certain that there's one thing left
Keep them on the hook with insupportable debt And they call it democracy" - Bruce
Cockburn, singer/songwriter Call it Democracy, 1985*

Last December the US-backed Iraqi government agreed to a \$685 million loan from the International Monetary Fund, and effectively sold their country down the river called economic slavery—the master being the Free Market Economy.

They will have a lot of company. Many of the world's so-called third world and developing nations are already on that river, barely afloat. Most of Latin America has been under the thumb of the IMF's brutal austerity programs for decades, though certain countries, most notably Venezuela and Bolivia, who are nationalizing their resources, are testament to the pervasive undercurrent of socialist ideals.

For Iraq though, the journey has just begun.

That \$685 million loan came with a heavy price tag: end oil subsidies and open Iraq's economy to the free market. In other words, dismantle any form of socialised society and make it a commodity.

Just days after Iraq's constitutional election gave oil companies their first taste of Iraqi crude by requiring all unexplored fields be open to the highest bidder, Prime Minister Al-Jaafari implemented the first of the IMF policies, cutting fuel subsidies. Nearly overnight fuel prices rose nine-fold. Now, five months later, a canister of gas costs about \$14 USD in a country where the average monthly income is maybe \$200 USD.

Defending the cuts, IMF representative Bill Murray told the Cox News Service that Iraq had to "come up with budgetary resources to finance health care, education and other important public services". He failed to mention that Iraq once provided free health care to 93 per cent of its population with its oil revenues and also had the highest literacy rate in the Middle East.

Now, even though the Ministry of Labor and Social Affairs reported in January that poverty among Iraqis had risen by 30 per cent since the US-led invasion, the government is bravely marching toward the free market.

At the end of March, the Ministry of Trade, largely responsible for food distribution, announced that it would cancel several items from the long-instituted food ration program. According to figures from the trade ministry itself, nearly 26.5 (or 96 per cent) of Iraq's 28 million people are dependent on the monthly ration.

During Saddam Hussein's reign, 12 items were included in the rations. That's now been cut to four essential items, including sugar, rice, flour and cooking oil.

The ministry is expecting to cut rations altogether, perhaps by the end of the year, according to the Ra'ad Hamza, a senior trade ministry official. "If you keep Iraq under socialist laws, the economy won't improve," he said to the Integrated Regional Information Networks. "But we'll continue to provide the population with essential items at least until the end of the current year,"

Inflation, which has skyrocketed since the invasion, can be expected to continue unchecked with the IMF policies in place.

Baghdad University economist Omar Abdel Kareem, quoted by IRIN, stated, "Before this decision, prices on items such as vegetables and grains had already doubled in January. Since then, they've increased more than 20 percent a week."

With the elimination of some rations, the price of certain products has risen by as much as 300 per cent. "In 2002 lentil beans were sold for about US \$0.50 per kilogramme. Since then, the retail price has jumped to around US \$2 per kilogramme."

With half of Iraq's population under the age of 18, it will be the children who bear the brunt of these tried and failed IMF policies.

UNICEF reported earlier this month that 25 per cent of children in Iraq are now malnourished and underweight; a March 2005 report found that malnutrition had doubled since the US-led invasion. Expect those numbers to rise alongside the inflation rate.

But Mr. Murray is not looking at those indices; he will note, instead, that Iraq's economy has grown by 10 per cent. By IMF standards, that's success. The poverty, malnutrition, and inflation don't count.

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