

Debt Colonization by IMF and World Bank: Sri Lanka Should Take Lessons from Argentina

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*US-India regime change in Sri Lanka in 2015 & multinational corporations promoting **Mauricio Macri** as President of Argentina also in 2015 have similarities. IMF/WB began playing key roles after the regime change. IMF & World Bank have a history of turning poor Global South nations into LOAN ADDICTS & then saddling them with DEBT.*

Loans debts are a new form of colonization. More loans are given to repay loans as well as to survive which only adds to the spiraling debt. Spiralling debt means the need to secure more loans & this impedes any programs for self-sufficiency. Self-sufficiency is curtailed by getting developing nations to accept IMF neo-liberal free market models as 'their solution' to 'restoring economic stability & growth"- the power of media & propaganda together with hired locals are used to euthanize the citizens into thinking IMF/WB is their savior.

The regime change of 2015 in both nations saw heavy use of technology to reach voters. Cambridge Analytica (British political propaganda firm) was deeply involved with the help of Facebook to profile users & persuade their vote. Elections in third world nations are manipulated by 'agents' of multinational corporations. In 2015 it was Macri in Argentina & **Sirisena** in Sri Lanka. Macri was inside the multinational trojan horse entering Argentina.

Macri's was tasked to reverse all that the former government of **Nestor Kirchner** had done without going to the IMF.

Macri rolled out IMF measures that were advantageous to corporations & not the Argentinian people. In 2018 he signed the largest loan with the IMF of \$57 billion while after 2015 Sri Lanka took \$12.5b ISBs (**international sovereign bonds**) Argentina, went from being free of debt in 2015 to taking on a debt of \$57 billion.

Argentina & IMF

- 1958 taken 1st loan – 22 loans taken from IMF since 1958
- 2015 – Macri took 2 IMF loans – \$50b & \$7b (\$57billion) largest in history
- IMF was created in 1944 to promote human welfare – where is that welfare when IMF promotes budget cuts that that lead to job losses.

How was this money used?

30% of the total loan was used for “capital leakage” – \$53.2m was used to pay off interest accumulated by the IMF’s administrative & advisory services (they give with one hand & take back with the other & we think they are doing us favors) The large chunk of the loan was used to simply pay off interest & the remainder was to be authorized by the IMF for internal expenses. So the Govt had no choice or ability to do anything – not even build a bridge or a school or a hospital. That loan was in fact of no use and it only diminished the living standards of the Argentinians. None of the loan went to the welfare of the poor – it just disappeared.

IMF even had an office inside Argentina’s Central Bank, where Argentina governs its monetary policy. Argentina could do NOTHING without IMF’s approval and authorization.

The loan taken by Macri was used for his campaign & to promote himself.

Macri left Argentina crying. IMF stands guilty of watching Argentina collapse.

His successor **Alberto Fernandez** is now tasked to handle the damage by Macri & IMF. Macri had destroyed the working class & the middle class.



The announcement of the lockdown by Fernández was generally well received, although there were concerns with its economic impact. (Licensed under CC BY 2.5 ar)

Fernandez not only had to deal with the debt from loans but also the pandemic & the spills of Ukraine war and a drought.

This IMF loan taken by Macri by end of 2019 constituted 89% of Argentina’s GDP & was

passed on to the next govt.

Macri left doing all the damage & handing the headache to Fernandez no different to how **Yahapalana** govt left **Gotabaya Rajapakse** to handle ISB repayment and a pandemic, leading to his ouster that brought back the Yahapalana damage maker. Argentina's case has been somewhat different though both nations are suffering economic & political volatility.

The weaknesses of government policy as well as political will enables entities like IMF/WB to take the upper hand. The lack of ability to explain to the people the real situation by governments is also a key factor. Everyone ends up punishing those who were not responsible for the crisis. All loans are generally taken & enjoyed by a handful while the working class are forced to meet the repayments via increased prices & taxes.

Argentinian **President Fernandez** however is saying that the IMF 2018 deal was illegally passed without going through proper legislative channels. Was this the case with the ISBs in Sri Lanka as well? The governor at that time is today an economic advisor to the current President who was PM when the ISBs were taken. The IMF's silence on the 2018 deal shows its guilt.

Argentines are intelligent - they have understood the problem and openly say "Never again IMF". They have been victims of both political & economic interference by the IMF and the IMF has shown that it has no solutions and just creates more problems. It's a pity Sri Lanka does not understand this because IMF & Sri Lanka's leaders are treating Sri Lankans like heroin addicts & injecting them with minimum dosage to prevent that mass realization. Only a handful who have read & followed the IMF's failed policies in other parts of the world can comprehend the futility of giving VIP treatment to the IMF & World Bank.

The IMF was created by the US to manipulate the international economic order. If this fundamental fact is forgotten, IMF's real objectives in their loan deals will get hidden.

IMF interfered in the economic & public policies of Argentina in the 1990s & caused a crisis which resulted in an insurrection. Paying off debt by privatizing is not the answer & is likely to cause more political & social tensions that a government cannot solve & leading to the requirement for foreign intervention - is this the real game plan?

The elite & upper middle class Sri Lankans want to continue to enjoy their lifestyle without caring what it costs the poor to sustain. All that they enjoy which they think they are paying for is brought to them by taxing the majority who are poor & eating into the foreign reserves as a result of the over-reliance on import of unnecessary items to satisfy the upper echelons of Sri Lankan society.

The moment their comforts are curtailed they sponsor "aragala" which is what took place in 2022 fooling the people into thinking it to be "their struggle". It was actually a struggle caused by tax cuts for the elite and by import restrictions due to the pandemic which angered them beyond measure. The unelected successor knowing the game, is happy to take loans, pile them on the poor & ensure no power cuts or any cuts discomfort the rich.

In the case of Macri when he came to power in 2015, Argentina did not have significant external debt. But by the time he left in 2019, Argentina was made \$70b in debt through bonds that enriched vulture capitalists as well as ministers & friends of the govt who have become wealthy at the cost of the people through financial speculation.

Macri was happy to sell out his motherland – Sri Lanka has similar sellout champions. Just as IMF loans are no solution, selling out Sri Lanka is no solution either. To get Sri Lanka back on its feet, some tough measures are needed, accompanied by discipline and cut down on wastage from top down; everyone needs to buckle down. Apart from what is needed for the tourism industry, all other non-essential imports must be stopped.

A coupon system must be introduced to ensure the lower stratas especially those that contribute to self-sufficiency like the farmers do not suffer & are helped to be more productive. Unnoticed we see foreigners being employed subtly in Sri Lanka while unemployment among Sri Lankans is rising. There has to be a 360 degree change in attitude especially by those that enjoy the dividends of the loans taken while the poorer segments are being taxed.

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