Monetary Causes of the Immigration Crisis

The "Washington Consensus" has wrecked their economies

By Richard C. Cook
Global Research, June 02, 2007
2 June 2007

Region: USA
Theme: Global Economy

There is nothing mysterious about the U.S. immigration crisis, or the presence of twelve million or more illegal aliens, or the fact that many more are coming to a neighborhood near you.

They are coming to the U.S. because they are human beings who have to eat.

They have to eat because they want to live.

They cannot eat and live in their own countries because there are no jobs.

There are no jobs because the monetary policies of the "Washington Consensus" have wrecked their economies.

It has wrecked their economies in order to benefit the financiers who are behind the Washington Consensus, including the ones in their own countries who act as partners in running the lending programs that have caused so much damage.

So what would be more fitting that the bureaucrats and politicians in Washington who approved these policies have the immigrants whose lives they ruined now greeting them with a nod every morning when they show up to mow their lawns, trim their bushes, and repair their homes? Not to mention the ones who are clamoring for social services and amnesty, who march in street demonstrations, who want to bring their relatives into the country with them, who may be starting to claim that the U.S. really belongs to them, and some of whom clog the jails of the border states. Then there are the ones who send billions of dollars home each year to float the economies of their hapless home nations whose domestic economies are so dismally poor.

When I was working at the U.S. Treasury Department there was a joke:

Question: "What did Davy Crockett say when he looked out over the wall of the Alamo?"

Answer: "Where'd all them lawn maintenance guys come from?"

Of course it really isn't a joke, especially when you realize the extent to which illegal aliens who work for low wages undercut the livelihood of so many American citizens. Or when you consider the human misery the illegals suffer from dislocated families, hiding from the law, being without health care, taking abuse from the criminals who transport them across the borders, or living every day in marginal or even subhuman conditions.

The Washington Consensus is the set of monetary and economic conditions imposed through "Structural Adjustment Programs" on developing nations by the International Monetary Fund, along with similar arrangements imposed by the World Bank and other Western political and economic agencies as conditions of receiving loans.

The SAPs are part of a broader neo-liberal economic agenda euphemistically called "free-market reforms" by newspapers such as the Washington Post. They are the price paid by countries for loans from the international bankers who control large-scale lending to their governments.

Such programs have deep historic roots. The IMF and World Bank date from the Bretton Woods agreements at the end of World War II. While these agreements aimed at stabilizing the world monetary system and established the dollar as a de facto world reserve currency, they had an underlying intent to ensure a positive trade balance for the United States in order to maintain the full employment economy brought about by World War II.

All the world's nations were expected to be part of this system. When the Soviet Union refused to participate, giving precedence in the process to U.S. objectives, we declared the start of the Cold War.

The IMF's SAPs include privatization of public resources and utilities, removal of barriers to investment by transnational corporations, the sale of state assets, elimination of price controls and subsidies from consumer markets, lowered business taxes, and layoffs of state employees. Then there are free-trade agreements such as NAFTA which has destroyed Mexican family agriculture.

The conditions also include a shift of indigenous economies to the production of export commodities, away from local self-sustaining agriculture and small business. This typically results in a mass exodus from rural areas to urban slums and causes poverty, unemployment, and crime. These financial programs benefit the local educated elite who work with the Western agencies and global corporations but cause a deep and permanent stratification among social classes.

The results have been the same everywhere in the world, particularly among the nations of Latin America, Africa, Southern Asia, and Eastern Europe. Everywhere the standard of living suffers for a majority of the local people. Now a worldwide crisis is developing, as the International Labour Organization reports that global unemployment has never been higher.

Developing nations are susceptible to this exploitation mainly because they have no independent monetary system. Most use the U.S. dollar as a reserve currency, which then feeds into the fractional reserve banking system that is operated by branches of banks headquartered in the U.S., Canada, Europe, and Japan.

The local nations pay a heavy price for this service, not only through payment of market interest rates but also because banking profits leave the country for the financial centers elsewhere. Foreclosures and bankruptcies also result in a migration of property ownership outside the country.

But change is stirring. Venezuela, for instance, has dropped out of the IMF and the World Trade Organization and plans to make its own way using funding from its oil revenues. Other Latin American nations are beginning to work with Venezuela as well as with Russia and China in locating alternative funding sources. China is replacing the IMF in some African countries by providing loans without conditions using dollars acquired from the U.S. in trade.

It is likely that the Washington Consensus will eventually disappear as the rest of the world grows up and realizes that the victor of World War II cannot keep everyone else under their thumb forever. The big question is whether the U.S. will go down fighting by attempting to control the rest of the world by force of arms, as it is now doing in the Middle East, or will it find a way to adapt to the new realities and live as a partner in peace with other nations and peoples.

One thing is certain. The only way to stop the flood of illegal immigrants from completely overwhelming the U.S., Canada, and Europe is for these nations to help their less fortunate brethren become prosperous. This means abandoning the Washington Consensus and giving up the claims of the Western financiers to near-total domination of worldwide resources.

It means, above, all, helping developing nations establish monetary systems that can unlock the productivity of their own people, minerals, and land. The problem is that the U.S. and other developed nations themselves do not have democratic monetary systems.

They too are suffering from their own overhang of massive amounts of unpayable debt due to their own fractional reserve banking systems that benefit the financial elites at the expense of their own populations. In fact the average citizen of the more prosperous nations is growing poorer every day and coming more and more to resemble economically the immigrants who are threatening their jobs.

Wrapped around the souring of the debt-laden national economies is the worldwide financial bubble that every responsible analyst knows must deflate. The answer is not the so-called “soft landing,” which in reality is a “controlled” worldwide financial crash that could last a decade or more, with the rich having the inside track on laundering and harboring their assets.

Instead, the author has written a series of recent reports based on over twenty years of study with the U.S. Treasury and the monetary reform movement. This program explains how the U.S. can establish a new monetary system using American constitutional principles that would treat credit as a public utility rather than the private playground of the monetary controllers. These principles could be applied by developing nations as well.

Once these principles were adopted, countries could build healthy, productive indigenous economies based on maximizing self-sufficiency and participating in regional and worldwide trading systems that benefit all parties. Then there would be no reason for millions of people to risk their lives, health, and social well-being to flee the deadly poverty of their homelands for the marginal poverty they find here. There really is no other answer.

Richard C. Cook is the author of Challenger Revealed: An Insider’s Account of How the Reagan Administration Caused the Greatest Tragedy of the Space Age. A retired federal analyst, his career included stints with the U.S. Civil Service Commission, the Food and Drug Administration, the Carter White House, and NASA, followed by twenty-one years with the U.S. Treasury Department. He is now a Washington, D.C.-based writer and consultant who helped draft model monetary reform legislation for the American Monetary Institute. His book on monetary reform, We Hold These Truths, will be published later this year. His website is at www.richardccook.com. His articles on monetary reform have appeared on

Global Research, Dissident Voice, the Arizona Free Press, and elsewhere.