International Monetary Fund Admits Neo-liberalism Causes Inequality

Washington, June 4 (RHC)-- The International Monetary Fund has admitted in a new report that neo-liberalism fuels both inequality and hurts growth. Salon reports that the financial institution is now taking back what they said about the measures they've advocated for and in some cases, forced, many countries to adopt for decades.

In the June volume of the IMF's quarterly magazine Finance & Development, the authors state that neo-liberalism -- seen in measures such as privatization, the opening up of domestic markets to foreign competition, and the cutting of government spending -- has resulted in less benefits than expected.

The authors of the study concede that "benefits of some policies that are an important part of the neo-liberal agenda appear to have been somewhat overplayed", as published in Salon. The study has come to three conclusions: neo-liberal policies don't result in much growth, neo-liberal policies increase inequality, and increased inequality hurts the level and sustainability of growth.

As neo-liberalism has become the dominant economic and political doctrine in the last few decades, the IMF and World Bank have practically spearheaded its proliferation.

With the end of the Cold War and the decline of socialist alternatives to the world capitalist economy, neo-liberal policies spread with leaders such as Prime Minister Margaret Thatcher in the U.K., President Ronald Reagan in the United States, and in particular, the U.S.-backed capitalist dictator of Chile, Augusto Pinochet.

Pinochet's Chile was the first country to implement a heavy dose of neo-liberal policies under the advice of economists from the University of Chicago. The measures were largely enforced through state repression, including the killing, disappearing and torturing of thousands of Chilean leftists and journalists.

The IMF has long praised Chile's neo-liberalism but the study stated that economists at the institution now hold less favorable views.

Another massive reversal for the IMF is its caution against imposing austerity measures on debt-laden countries, something else it has imposed for decades, most recently on countries like Greece.

Still, while the IMF researcher acknowledged the downsides of their prescriptions, it does not mean that the institution will act on its research and end these policies.

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