



Proposal for This Week's G-20 Summit: IMF as Global Financial Regulator

"The International Monetary Fund was the surprise winner at the last summit of the Group of 20 leaders, which agreed to quadruple the organization's resources to \$1 trillion," the Wall Street Journal reported September 23. At this week's summit in Pittsburgh, the Journal predicted, "The G-20 is likely to give the IMF an additional job: Monitoring whether nations are changing their economic policies to promote long-term growth."

But that's "long-term growth" in the eyes of the policymakers currently in Washington. At a pre-summit meeting in London September 5, U.S. Treasury Secretary Timothy Geithner [stressed](#) that "we need to see a complementary shift in countries outside the United States toward stronger domestic demand-led growth." The key phrase in that sentence was "demand-led," meaning that the American Keynesian policies of deficit-based economic "stimulus" and consumer spending must be forced upon other countries, especially China.

China and other national economies based upon savings must become a consumer-led, spending-based nations, according to the Washington establishment, in exchange for the United States cutting the deficit to a manageable size.

The centerpiece of Washington's strategy to give the IMF financial regulating powers through executive branch pledges and \$1 trillion in financial leverage is a document Washington is calling the "Framework for Sustainable and Balanced Growth." *Forbes* magazine has [termed it](#) a "framework for more government." Reporters Brian S. Wesbury and Robert Stein argue that the document would "reduce the incentive for China's workers to save for their own retirements" and force the United States to balance the federal budget with economy-killing tax increases. At the September 5 preconference meeting in London, the G-20 ministers [called for](#) "stronger regulation" at the national level and "a robust and comprehensive framework for global regulation and oversight."

The political establishment in Washington is squarely behind the "framework" agreement. "The IMF is the only game in town," C. Fred Bergsten, director of the Peterson Institute for International Economics, [told](#) the *Wall Street Journal*.

But it's developing nations (i.e., Third World) nations that may be the most skeptical of giving the IMF any new authority. "Many of the fund's members haven't forgiven it for the way it forced countries to cut tariffs, open borders and privatize in order to qualify for rescue loans," the *Wall Street Journal* [reported](#). In short, the IMF and World Bank worked as a tag team that conspired to get impoverished nations to borrow beyond their means in the 1970s and 1980s, only to come back as [economic hitmen](#), compromising the national sovereignty of those nations by taking control of much of their financial and other policies.

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