

SHORTS: IMF enters a new age of uncertainty

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*From Mr Alfredo Schclarek.*

Sir, We are living in a defining period for the International Monetary Fund. On Argentina, it is under great pressure from all sides. Yet there is no clear view within the IMF on what to do. Some in the IMF, and also some of the most important shareholders, are pressing Argentina to reduce the haircut the government is proposing. Others believe the IMF's big exposure to Brazil, Turkey and Argentina should be reduced.

It is clearly over-optimistic to pretend that Argentina could achieve a fiscal surplus of more than 2.7 per cent and at the same time grow at 3 per cent for the next 30 years. The IMF should decide whether it wants to be paid back the full amount of its loans to Argentina or increase payments to private bondholders. If it persists in its confusion, all three partners will lose in the long run. With more than half the population below the poverty line, it is clear that Argentina should not be the only one to pay for the past mistakes of all parties involved.

Alfredo Schclarek, PhD Candidate in Economics, Lund University, S-220 07 Lund, Sweden