

**HELPING OR DESTROYING? GENERALLY ACCEPTED
CRITICISM OF THE INTERNATIONAL MONETARY FUND
AND THE MEDIA PROBLEM-
The case of Argentina and Croatia ¹**

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Abstract. *This paper analyses the generally accepted criticism of the International Monetary Fund and its relations with the media. The latter is done in respect of the IMF cooperation with Argentina and Croatia. These two countries did not have exactly the same type of cooperation with the IMF but they are similar in the amount of criticism that the IMF got in both of the countries. At first, it is thought that the IMF undermined the Argentinean economy and, secondly, it is often blamed for the foreign debt and for foreign ownership of Croatian banks. Additionally, the IMF is often blamed to be the enforcer of the US foreign policy directing its help towards the countries allied with the United States and at the same time undermining the economies of the countries not being allied with the United States.*

Due to the impossibility of getting any comment from the IMF (after several months of attempting to do so) with an explanation to consult the website, this paper also analyses the IMF website and its communication with the media via its official website.

The conclusion is that the IMF website is doubtful due to the impossibility of obtaining certain information and due to the unclear system of classifying the press releases and country information. Instead of having clear communication with the media, the IMF directs a journalist to the website where it seems that it ignores certain information and underlines the other making the work of trying to get a clear and full information really difficult and furthermore, making the criticism even more reliable and trustworthy.

Key words: *IMF, Argentina, Croatia, criticism, media.*

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INTRODUCTION

When starting to work on an article about the IMF and its cooperation with Croatia and Argentina, the email was sent to the IMF headquarters in the United States² asking for official responses to some of the questions. The answer was firstly positive and encouraging to send all of the questions needed. When asked done³, the received reply stated to consult the IMF website. Regardless of numerous emails and phone calls, asking for direct statements to quote in the article, for a journalist considers direct quotes to be more reliable and more interesting for readers to read, the answer was always the same.

The questions asked were general questions and they were not as nearly as severe as they could have been due to the enormous criticism on the IMF expressed in vast majority of the articles, both academic and journalistic and furthermore, both Argentinean and Croatian.

Thus, if we take as a hypothesis that the IMF generally refuses to answer journalistic enquiries and directs them to the website then we can also draw a hypothesis that the IMF website is the only means of communication with the media.

Therefore, this paper firstly introduces the IMF as an institution.

Secondly, it presents the criticism of the IMF in general and then criticism in regard to Argentina and Croatia in particular.

Thirdly, it analyzes the IMF website and the information available there.

Fourthly, it compares the availability of information for the two countries and their relevance.

Fifthly, it discusses the challenges for journalists when covering the IMF.

THE INTERNATIONAL MONETARY FUND (IMF)

The commonly accepted definition of the IMF and the World Bank, together known as the "Bretton Woods Institutions", founded by the delegates of 44 nations in July 1944 in the USA, is that these two organizations are "twin intergovernmental pillars supporting the structure of the world's economic and financial order" (Driscoll, 1996).

² This is apart from talking to IMF country representative in Croatia.

³ The questions asked were: What is the main purpose of the IMF (before and now if something changed)? How does the IMF operate? What does it takes for a country to start cooperation with the IMF? How does the cooperation proceed? IMF states as its mission to 'work for common good', however, critics claim that the IMF works for the 'good of its shareholders', who are the ones taking advantage of the Third world countries. Can you comment on that? Different authors and scholars have different opinions about the IMF; however, there is a tendency for all of them to agree that the IMF is a means of enforcing foreign politics of the United States of America, its main shareholder. There is also another theory, which argues that countries with close ties to the U.S.A. have a better chance of securing support from the IMF, while countries that do not share close ties with the U.S.A. find it substantially harder to secure any IMF support. Can you comment on that? Majority of the authors, economists and in the last instance, Latin Americans blame the IMF for default in Argentina. Do you agree that the IMF failed there and what could have been done better? How did things go wrong? When Croatia was financially blocked by the IMF many journalists in Croatia called it as a punishment of the U.S.A. for not cooperating with the International Tribunal in The Hague. Concerning the fact that the blockade was taken off as soon as the generals went to The Hague, it seems like there is some truth in the accusation. Are you familiar with the blockade? What was the reason for doing so (if not due to the US politics) from the economical side? Was there any economical reason for Croatia to be blocked financially, some agreement / promise that Croatia failed to fulfil? Is it the media's fault for the bad image of the IMF? Was it the biased coverage, which created the aversion towards the IMF in so many countries? How can the IMF build its reputation? How does the IMF manage its relations with the media?

The IMF is an international organization with 185 country members and 2,700 staff from 165 countries [1]. The IMF main responsibilities include: promoting international monetary cooperation; facilitating the expansion and balanced growth of international trade; promoting exchange stability; assisting in the establishment of a multilateral system of payments; and making its resources available (under adequate safeguards) to members experiencing balance of payments difficulties [2].

The IMF is accountable to the governments of its member countries [3]. At the top of its organizational structure is its Board of Governors, which consists of one Governor from each of the IMF 185 member countries [4]. All Governors meet once a year at the IMF-World Bank Annual Meetings; 24 of the Governors sit on the International Monetary and Finance Committee (IMFC) and meet twice a year [5]. The day-to-day work of the IMF is conducted at its Washington DC headquarters by its 24-member Executive Board; this work is guided by the IMFC and supported by the IMF professional staff [6]. The Managing Director is Head of IMF staff and Chairman of the Executive Board, and is assisted by three Deputy Managing Directors [7].

According to the IMF own determination, the financial assistance from the Fund is provided only on condition that governments agree to pursue a range of policies that are spelt out in a «Letter of Intent». According to Bird (2004), the IMF conditionality was introduced as a way of ensuring that governments use the financial aid to facilitate an approved program of economic stabilisation and adjustment and not just to spend it».

However, although the IMF is supposed to mainly serve as a facilitator of the financial aid to a country in need, the IMF seems to have a significant influence on the country economic policy. Thus, Joyce (2003) states that a "related focus of attention has been the implementation of Fund programs. Incomplete compliance can limit the improvement in a country's economic performance, adversely affect its reputation in the international capital markets, and leave it with a need for further assistance and more programs».

In that sense, Joyce (2003) points out that «the lending programs of the International Monetary Fund have drawn a great deal of notice and criticism in recent years».

But, according to Aryeetey (2005), financing investment changed to promoting policy reform which was seen as a reorientation occasioned by popular belief that poor policies were to be blamed rather than the lack of finances for investment for the fact that developing countries were held back. Apparently, the Fund should not be indifferent to corruption or to the violation of human and civil rights, but there are constraints on just how involved the Fund should become (Bird et al, 2004).

For example, Bird and others (2004) are wondering if the Fund has any right to 'impose' any social policies on governments democratically elected by their own people. If put in Bird's words, then where is the line between legitimate and illegitimate influence the International Monetary Fund could seek to have in a certain country?

Based on its previous experience, the IMF founders realised that countries would be unwilling to maintain fixed exchange rates and a free trade regime at the expense of domestic unemployment. Thus, the founders built flexibility into the system in various ways. One important aspect of flexibility involves establishing a pool of currencies member countries can use to help them with adjustments they have to make to restore balance of payments equilibrium. In order to fulfil this function, the IMF must obtain resources. Blanco (1999) points out that the primary method for gaining resources for the IMF is through the member's quota subscriptions. Thus, Blanco (1999) argues that mem-

ber's quota subscription is determined by the size of the economy of the IMF member state. Another factor Blanco (1999) takes into consideration is the importance of its currency worldwide meaning the bigger and the more powerful the member state's economy, the bigger and the more powerful the member state and finally, the bigger the quota.

For example, «quotas determine a member country's voting power. Instead of conducting its business based on a one-vote-per-country rule, the IMF uses a formula that gives a wealthy member country with a large quota (e.g. the United States) more voting power and influence than a small, poor country» (Blanco et al, 1999).

Global inequality is on the rise in recent years. The IMF has become the pariah of international organizations, vilified by the Right and Left and defended only half-heartedly by moderates. The diagnoses are as varied as critics. On one hand, the Fund is criticized for promoting moral hazards and dependency. On the other, it is accused of imposing uniform policy reforms that do not correspond to local conditions and promoting the interests of powerful developed countries rather than of borrowers (Steinwand et al, 2006).

Public choice theorists argue that the IMF seized on the Latin American debt crisis to give itself a new lease on life after the end of the era of fixed exchange rates (Vanbel 1991 and Dreher 2004 in Steinwand et al, 2006), and rather than benefiting developing countries, its intervention served to strengthen the investors' position (Steinwand et al, 2006).

Structural critiques emphasize that the creditor nations control the institutions, so it is unsurprising that their standard operating procedures shift most of the surplus to their own constituents. Three main conclusions emerge from the current state of the literature: (1) IMF lending responds to the preferences and foreign policy objectives of the major shareholders; (2) domestic political factors and variables that capture the IMF own bureaucratic imperatives play a role in determining participation in IMF programs; and (3) the results of studies indicate that borrower decisions and IMF decisions have very different motivations, which may not be captured adequately by single-equation models (Steinwand et al, 2006).

Whether the IMF indeed influences economic growth has been subject to a huge number of studies (Dreher, 2004) and critics argue that the Fund should stop lending for development purposes (Dreher, 2002).

Participation in IMF programs is not exogenous but usually the consequence of a crisis. In attributing all changes in growth over the program period to the IMF, the Fund's effects are probably judged too negatively (Dreher, 2004).

One of the most robust findings is that IMF lending is significantly shaped by the geopolitical preferences of the countries that contribute the most resources, particularly the United States of America. Although measures and results vary, the cumulative effect of these studies is to suggest that the preferences of the leading donors have a potent influence on IMF lending practices. This quantitative evidence therefore supports the evidence that numerous countries that had not met the technical criteria to qualify for IMF support have nevertheless received it because they played important roles in the U.S. foreign policy: Zaire and the Philippines during the Cold war, Russia, Ukraine, Egypt, Pakistan and Turkey during the 1990s, etc. In this sense, IMF support is not dissimilar from bilateral foreign aid, which is also strongly associated with UN voting and trade patterns, and is more openly employed as a tool of foreign policy (Alesina & Weder 2002 in Steinwand et al, 2006).

According to the findings of the research of a group of authors (Dreher et al, 2005), countries that are allied with the United States of America will be awarded by the IMF with "loose conditions and the opportunity to manipulate the economy of electoral gain" whereas countries that are not strongly allied with the USA will face restraint in fiscal and monetary expansion because the IMF will set tight conditions on the loans.

Dreher (2005) discovered that "in an empirical analysis of 38 countries from 1997-2003 political factors, namely the borrower's relationship with the United States (and the other G7 countries), are important determinants of the number of conditions the IMF imposed".

As an addition to this Dreher and others (2005, quoting Swedberg 1986) points out that: "It has been stated that "no managing director...can make a major decision without clearance from the U.S." Lastly, it seems reasonable to point out that, as Dreher does, that the USA uses its influence in the Fund to enforce its own political agenda (Dreher et al, 2005).

But, in the IMF, they deny these accusations. The first argument is that even though the IMF headquarters are in Washington DC, the IMF has a large number of offices all over the world [8]. Second, the USA is not anymore the largest shareholder, since the EU as a whole has a considerably higher share in the IMF and therefore more voting power [9].

However, if we take into consideration that the U.S.A is a federation of states with one policy towards the IMF and economy in general whereas the EU is an association of 27 countries each and every one of them with its own foreign and national policy, then this argument might be considered as somewhat shallow.

GENERALLY ACCEPTED CRITICISM IN CONCRETE COOPERATION

When reading articles about the cooperation with the Argentina, it is notable that they are very negative towards the IMF. In that sense, the IMF is accused of undermining not only the Argentinean economy but by doing so, the economy of all Latin American countries.

The critics say that the IMF wrongly advised Argentina to tie its currency to the US dollar which made the economy non-competitive on foreign market and kept away investors from Argentina. Other criticism is that the IMF always uses the so called "austerity programs, which means that it increases taxes even when the economy is weak, in order to generate government revenue and balance budget deficits" (Forbes (2007) in Topić 2007:22).

Yves Engler goes as far as to accuse the IMF of "being responsible for worsening or actually creating famine in Malawi in 2002, Ethiopia in 2003 and Niger in 2005" (Engler (2007) in Topić 2007:7).

Another criticism, drawn by many authors, most notably Alex Dreher and Joseph Stiglitz, refers to undermining the Latin American economy, as argued by Stiglitz, and as being the servant of the US foreign politics and alliances, as argued by Dreher.

Ever since the 1997-98 Asian crises, Joseph Stiglitz has been exposing IMF policies as "fire added to the fire" or, in other words, openly calling the IMF as the main reason for 'economic disaster and social distress'. As Salvatore (2002) pointed out, "instead of stimulating economies with increased social expenditures and an expansion of credit, the IMF had consistently recommended budget cut-backs, monetary restrictions, and further de-regulations. Their policies have sunk into deep and prolonged recessions economies that had the chance of rapid recovery".

According to Stiglitz (2002), the IMF seemed to have misdiagnosed the problem. This misdiagnosis was caused because of not being able to handle the crisis in concise manner and thus, the region of Latin America experienced a decade long period of stagnation after the 'so called' successful IMF programs. Eventually, even the creditors had to absorb large losses and all that happened because of loose monetary policies that led to huge deficits and high inflation.

ARGENTINA VS. CROATIA

Argentina and Croatia have been compared and declared as similar by many journalists in Croatia. Arguments of some journalists are that Croatia especially from the year 2000 followed Argentinean politics of destruction by making all of the same measures that Domingo Cavallo did in Argentina before the default (freezing employment in public service in 2001, increased borrowing and foreign debt amount of which almost exactly the same to the Argentinean one (EUR 39 billion at the end of 2008 or, about 80 % of the total GDP; CNB 2006, CEC 2009), cutting down unemployment by taking people off from the welfare system, opening up to foreign capital, privatisation of the state enterprises, keeping the currency strong, etc.). However, when doing an analysis the situation slightly changes.

Most of the criticism on the IMF role in Argentina's default can be according to the IMF summarized as follows: 1. the Fund supported an exchange rate regime (the currency board arrangement) that was doomed to failure, because it made the country too vulnerable to external shocks; 2. the Fund wrongly diagnosed the root of Argentina's macroeconomic imbalances as being fiscal profligacy while Argentina's public deficits and debt levels were not high in comparison with levels prevailing in a number of industrial countries and other Latin American countries; moreover, by moving to a two-tier pension system in the mid-nineties, Argentina (in contrast to several of these countries) made explicit part of the implicit government debt related to future pension liabilities; and 3. The Fund wrongly recommended fiscal tightening in a situation of protracted economic recession in the last two to three years, thereby aggravating the downturn in activity [10].

But, from their point of view, these arguments are either flawed, or require significant qualifications [11]. The Fund generally recognizes a country's right to make its own choice of exchange rate regime, provided that its other economic policies are consistent with that choice [12]. A country that chooses nominal exchange rate rigidity must be prepared to adjust to negative external shocks (including terms of trade shocks, depreciation of competitor currencies, etc.) through a combination of downward flexibility in domestic costs and prices, productivity gains, and domestic demand restraint that allow it to absorb such shocks without running too large current account deficits in the balance of payments and thereby raising its external debt to unsustainable levels [13]. In the first half of the nineties, the currency board provided a valuable nominal anchor for regained macroeconomic and price stability, and promoted much needed structural reforms [14]. These reforms, however, did not go far enough to ensure an adequate degree of flexibility and openness in the economy, to enable it to better withstand future shocks [15]. In particular, the labour market, despite repeated attempts to reform, which the Fund strongly supported-remained too rigid; competition in privatized industries and utilities was not sufficiently ensured; and the trade regime was not liberalized enough to significantly boost the share of traded goods in the economy [16]. Although the economy grew on average at a relatively

high rate of 5.2 percent between 1991 and 1998, unemployment climbed steadily in the first half of the decade and, albeit declining in 1997-98, remained (at its lowest point) around 12.5 percent of the labor force [17]. The current account of the balance of payment registered significant deficits throughout the decade, and the total external debt climbed to 54 percent of GDP (nearly 500 percent of exports) by the end of 2000 [18]. The Fund staff repeatedly warned in its reports about the vulnerability entailed by these developments, and urged Argentina to accelerate and deepen reforms in the areas mentioned above [19].

As regards to the fiscal developments, it is misleading to concentrate only on the last couple of years, when part of the fiscal deterioration was indeed attributable to the recession [20]. The roots of Argentina's fiscal disequilibria go much further back, and certainly cannot be fully (or even in a large part) explained by cyclical development [21]. Over the period 1991-98, when, as mentioned above, real GDP grew quite rapidly, the public debt of Argentina rose by the equivalent of over 8 percentage points of GDP, despite the extensive privatization [22]. The increase in the debt stock significantly exceeded the cumulative sum of the public sector deficits during that period, as a result of delayed recognition and securitization of government liabilities not recorded in those deficits [23]. The increase in the public debt during that period reflected more spending pressures (non-interest expenditures rose by 6 percent a year on average in real terms between 1992 and 1998) than revenue sluggishness, although the shift of a portion of social security contributions to the new funded system also contributed [24].

Some people have argued that at 51 percent of GDP at end-2000, Argentinean public debt was not excessively high by industrial countries' standards [25]. However, the cost of servicing that debt was, even before the jump in 2001, substantially higher than in any industrial country and many other emerging market countries [26]. This made the dynamics of the debt in Argentina much less sustainable than in those countries [27]. Moreover, 95 percent of Argentinean public debt was denominated in foreign currency, a fact that made the public finances of the country much more vulnerable to external shocks than in countries where a large part (or most) of the public debt is denominated in domestic currency [28]. Incidentally, this vulnerability was compounded by the sharp increase through the 1990s in the share of private debt denominated in foreign currencies, including the debt of households and enterprises with little or no foreign exchange earnings [29]. Increasingly in 2000-2001 the government was running out of financing, and given the government's continued strong commitment to the currency board regime the Fund had no choice but to insist on a reduction of the fiscal deficit as condition for its continued support to Argentina [30]. Indeed, it should be recalled that both in December 2000 and again in August 2001, the Fund substantially increased its own financial support to Argentina to mitigate the degree of fiscal tightening that other available financing would have implied [31]. It is unfortunate that, at the same time, the Argentine authorities compounded the adverse impact of the recession on fiscal revenues by further relaxing tax enforcement (including through a multiplication of moral-hazard creating tax amnesties), and by multiplying tax concessions to specific sectors, which, in addition to foregoing revenues, further complicated the tax administration [32].

An important lesson that emerges from Argentina's fiscal woes is that, especially in countries facing substantial external volatility and beset with domestic policy and institutional rigidities, it is crucial to utilize the fiscal dividends of boom periods to provide a cushion for economic downturns (by building up liquid assets or reducing debt) [33].

Or, on the other hand, one could also summarize that "bad economic policy and bad Government policy has contributed to a deepening of the economic depression and to create divisions in society" (Salvatore, 2002).

In the Croatian case, many voiced their criticism about the state's cooperation with the IMF. Some went as far as to state that because in cases like Croatia, because of special financial and economic interests, the most powerful countries of the IMF have projected new mechanisms inside the institution, which helps to predict some sort of bankruptcy of states in debt, and at the same time they are ensuring mechanisms which can send certain countries into bankruptcy with the measures of the IMF on purpose (Margetić, 2003).

This is an extremely radical attitude of the Croatian cooperation with the IMF. The most common complaints have been that the foreign debt is still high (nearly 80 % of the GDP or EUR 39 billion, CNB 2006; CEC 2009), majority of banks are in foreign ownership, the state owned companies are privatized and some of them with alleged criminal affiliations, there has been a freezing of employment in the public service sector in 2001 just like in Argentina before the breakout of the financial crisis, the reform of the welfare system, etc. However, not many of these complaints have much in common with the IMF or at least not in the way it is presented to the public.

Many also feel that Croatia never needed the money from the IMF since it never pulled it off, but used it to get international credibility instead.

It is a country's choice, and in this case Croatia's, to be a member of the IMF or not [34]. Croatia also chose to be an IMF member in its efforts as a new country back in the early 1990s, in order to become part of the global economy, improve its economic cooperation with other countries and to participate in the decision making process on global economic issues [35]. Most of the IMF programs with Croatia were precautionary, implying that Croatia did not use IMF resources [36]. Therefore, the question whether Croatia really needed an IMF program during the 1990s and until the last one was completed in November 2006 is reasonable one [37]. The answer becomes obvious if one thinks of the IMF programs with Croatia as the IMF "seal of approval" of the authorities' economic programs that contributed to the credibility of these programs [38]. With the EU negotiations well underway, this argument is not as strong any more, which may also explain why the authorities have not requested a new IMF program [39]. However, with most of the transition process still ahead and with a new economy coming out of a devastating war, establishing policy credibility during the 1990s was crucial [40]. Delays in fiscal and structural reforms and some steps backwards in policy implementation may explain why such policy credibility was also needed in more recent years [41]. Even if a country does not really need an IMF program, when important macroeconomic and structural reforms lie ahead, having an IMF program adds credibility with the markets and provides benefits in terms of policy advice to the authorities [42]. This was indeed the case for the transition economies during the 1990s and explains why most of them had programs with the IMF [43].

IMF AND THE MEDIA

In terms of commonly accepted criticism of the IMF that we presented earlier in this paper, on which the IMF refused to provide further comments on, for this paper I looked into the website of the IMF to see how the IMF refers to these issues.

On the IMF website, the IMF points out that the Fund was not always communicating with the public in an appropriate way. It also emphasizes the importance of communication. However, through carefully worded and phrased statements, the IMF actually places the blame of its negative image on the overtly biased view of national media. Therefore, the website states that:

"At the IMF, the first generation transparency reforms began following the Mexican tequila crisis of 1994 and were accelerated during the Asian crisis of 1997-98. It was widely accepted that in reporting their financial positions some of the crisis countries had been, shall we say, 'economical with the truth'. The IMF therefore launched initiatives to increase the transparency of the data—particularly on international reserves and external debt—provided by its members to the IMF and to financial markets" (Dawson, 2003).

Thomas C. Dawson from the IMF in his speech said that "the Asian crisis also unleashed much deeper changes in IMF transparency. Not only were countries under pressure to come clean, but the IMF itself came under unprecedented pressure to reveal its policy advice to countries, that is, to be less secretive. To respond to these demands IMF urged its member countries to publish documents that had been kept outside of the public eye" (Dawson, 2003). Dawson (2003) also states that they "used to publish virtually nothing", whereas now they "publish virtually everything".

"The spate of financial crises provoked not just a demand to know what advice the Fund was giving, but a public debate on whether it was the right advice. That is, the Fund's competence came into question. So great was the clamour that the Fund had to defend its actions not just to its member countries but to a variety of audiences—the media, academics, civil society organizations and, indeed, the public at large. The steps taken in response are part of the ongoing transformation of the Fund into an open institution, one that 'listens and learns'" (Dawson, 2003).

In this sense it seems that the IMF understands the necessity of communicating with the public and the media. However, then there is an issue of the appropriate means of communication because if the IMF refuses to talk to a journalist and only insists that the journalist should consult the website then it is the IMF, which is creating rules on what specific means of communication are appropriate and which are not.

The IMF website states that: "Nearly all members have been giving consent to publication of letters of intent and memoranda of economic policies when requesting Fund financial assistance. These of course tend to be the most scrutinized of all the country documents. Among other forms of communicating with the public and being a transparent organization the IMF states that: "In over 80 percent of the cases, countries have consented to publishing a summary of the IMF Executive Board discussion of their periodic economic health check-up. To use IMF jargon: 80 percent of Public Information Notices (or PINs) of Article IV Board discussions are published. Furthermore, "in nearly 60 percent of cases, the entire staff reports, which generally contain more than most people want to know about a country, have been published. Most papers on general policy issues (as opposed to country documents) discussed by the Executive Board are published. Moreover, the Board recently adopted the principle of "presumed publication" of policy papers and the associated PINs. The twice-yearly Managing Director's statement on the Work Program of the Executive Board is released in its entirety to the public. Finally, for those interested in historical records, the lack of public access to the comprehensive minutes of Executive Board meetings is now down from 20 years to 10 years—that's still too long, in the view of many, but it's one of the most liberal access policies among international organizations" (Dawson, 2003).

In this sense, the IMF recognizes the need for making its work available to the public. However, this does not have much to do with the media and communication with them because in the work of a journalist, taking information from the internet is not as news worthy as getting a real statement.

Thus, it is interesting to analyze the information that the IMF offers about its cooperation with different countries, and Croatia and Argentina in particular to see if there was an agenda behind the unwillingness to talk directly with journalists, when asked to answer a couple of very simple and more or less harmless and well known questions.

Analysis

Therefore, when opening a website for the cooperation of the IMF and Argentina "Argentina and the IMF"⁴, we can see that there are in total 23 pages of documents dating in reverse order from February 26, 2009 to March 15, 1991.

Namely the documents available are: 27 speeches, 2 reports, 8 public notices, 32 working papers, 31 news briefs, 39 press releases, 6 speeches of Michael Camdessus, IMF director for Argentina, 3 country reports, 4 press conferences of Michael Camdessus, 25 IMF survey's, 15 statements of IMF officials, one IMF seminar, 22 press briefings, 190 transcripts, one draft statement, 4 letters to the editor, one IMF paper, 12 letters of intent, 3 staff reports, 2 articles, one Economic outlook, one written response to Joseph Stiglitz, one meeting report, one security report, one study in regard to lessons from Argentinean situation, four press conference transcripts and one statistical annex in regard to the cooperation of Ecuador and the IMF, one IMFC statement by Miguel Gustavo Peirano, transcript of press breakfast of managing director, (The International Monetary Fund 2009).

When analyzing all of the data, there at first seems to be nothing wrong with the data, if the available materials are taken into consideration with regards to the cooperation between the IMF and Argentina. But, if data is taken into consideration in regard to the cooperation of the IMF with Croatia then the situation changes. This is to say that the available documentation of the cooperation with the IMF and Croatia is much more coherent and much more qualitative.

Thus, for the cooperation with Croatia titled "Republic of Croatia and the IMF"⁵ there are five pages of data dating in reverse order from October 13, 2008 to March 15, 1994. Namely, the documents available are: one press information analysis, five selected issues and statistical appendix, 24 statements, 3 interventions of foreign ministers, six public information notices, 13 staff reports, one report about the cooperation in south eastern Europe in general including Croatia, one transcript, 10 letters of intent from Croatian government, 9 press releases, six working papers, two news briefs, six country reports and three conclusions (The International Monetary Fund b 2009).

In this sense, we can see that although Croatian published cooperation exists from 27th of July 1998 until October 13, 2008, whereas Argentinean exists from 15th of March 1991 until 26th of February 2009, for Croatia there is significantly lower number of materials available. This is logical since this cooperation is for the period of 10 years whereas the Argentinean one is for the period of 18 years. Also, Croatia was never con-

⁴ <http://www.imf.org/external/country/ARG/index.htm>

⁵ <http://www.imf.org/external/country/HRV/index.htm>

sidered to be a severe case of the cooperation whereas Argentina was and in that sense, naturally there are much more materials available.

When analyzing content of published materials for both countries, we can see that the data is somewhat different. This makes sense for the conditions in the two countries were not the same. However, in the Argentinean case there is a lot of transcripts of meetings and press conferences. There are also a lot of working papers, which are very important concerning that they contain data of the financial situation in the country and reasons why the crisis occurred. However, when clicking on certain working papers what opens up is a page stating the name of the author, the date the paper was published and an electronic access which leads to the paper's title page and table of content. This is followed by a summary of the paper. Below that, there is a subject field with key words, which leads the reader to a page, where all documents are listed, and after clicking on Argentina, or, if clicking on another key word offered, the reader is lead to the list of all articles ever published about the topic.

It is notable that these key words that one can click on are very general, which leads the reader to a list of articles, which are not related with the original article / topic. However, even if the reader decides to click on the presented articles, which bare no relevance to the original topic, the website automatically directs the reader to a similar looking website, which offers the name of article, summary and key words and the price for purchasing the article.

To demonstrate the difficulty in finding any useful information or relevant articles, an example was conducted.

If going to an IMF website regarding the cooperation with Argentina called "Argentina and the IMF"⁶ and clicking on "Credit and Exchange Rate-Based Stabilization" paper, what opens up is a page titled "Credit and Exchange Rate-Based Stabilization"⁷ which states the name of the author and the date when the paper is authorized for distribution. In subject fields we can find options "Credit", "Argentina", "Chile", "Israel", "Mexico" and "Inflation". Below is the price of the publication, summary of the paper and notes about its distribution (The International Monetary Fund a and e 2009).

If clicking on link "Summary of Credit and Exchange Rate-Based Stabilization" we get a summary written by certain May Khamis, explaining what the paper is about. In that case, if going back to the page we came to the summary from⁸ and if clicking on the option "Argentina", what opens up is the actual page we originally started this research from⁹. However, if going back to the page where the article is summarized¹⁰ and if clicking on the subject option credit, what we get is a page titled "Publications Search Results"¹¹ which is giving us the names of all the articles, which have the word 'credit' in it. These documents are not even necessarily working papers. They are all coded as 'documents', but their content differs between different countries and different IMF publications, such as press briefings, press releases, etc. Interesting enough, the majority of these offered 'documents' do not even have the word 'credit' in the title, nor do they have any-

⁶ <http://www.imf.org/external/country/ARG/index.htm>

⁷ <http://www.imf.org/external/pubs/cat/longres.cfm?sk=2040.0>

⁸ <http://www.imf.org/external/pubs/cat/longres.cfm?sk=2040.0>

⁹ <http://www.imf.org/external/country/ARG/index.htm>

¹⁰ <http://www.imf.org/external/pubs/cat/longres.cfm?sk=2040.0>

¹¹ http://www.imf.org/external/pubs/cat/shortres.cfm?TITLE=&auth_ed=&subject=Credit&ser_note=All&datecrit=During&YEAR=&Lang_F=All

thing to do with the credit in general. On the first page, there is nothing on Argentina, which was used as the key word of the search (The International Monetary Fund f 2009).

Thus, if considering that it is possible to find easily this link on the page stating IMF documentation in regard to the cooperation with Argentina, it is interesting that this link has nothing to do with Argentina in itself and that it does not provide any useful information to the user. This is the case with nine papers whereas the others are available.¹²

But, articles which are not available are: "Credit and Exchange Rate-Based Stabilization"; "Dollarization in Latin America-Recent Evidence and Some Policy Issues"; "Financial Sector Reforms in Eight Countries: Issues and Results"; "Financial Fragilities in Latin America: The 1980's and 1990's"; "Currency Boards: Issues and Experiences"; "Issues in Managing and Sequencing"; "Financial Sector Reforms Lessons from Experiences in Five Developing Countries"; "Economic Growth in Latin America"; "Banking Crises: Cases and Issues" and "Lessons from the Crisis in Argentina" (International Monetary Fund a 2009).

It is very confusing and surprising that some papers are listed twice. In the case when a paper is not available in both versions, it can be called as indicative (e.g. "Lessons from the Crisis in Argentina"). It is also interesting to notice that two papers entitled exactly the same can be blocked to the user in one place and available in another which might lead to a conclusion that the IMF made it available but in a hidden way.

It is also notable that some of the most interesting topics are not available, whereas those praising the IMF and/or analyzing its policies are freely available.

For example, if opening a paper titled "Reforming Intergovernmental Fiscal relations in Argentina"¹³ what shows up is a page supplying the name of the author, distribution authorization date and a possibility to download a free sample text. The summary of this paper states: "Argentina has committed itself to a reform of its revenue-sharing system. This paper examines this system and the issues involved in its redesign and discusses the pros and cons of various options with a view on specifying a preferred approach" (The International Monetary Fund d 2009)

Thus, it can be argued that if papers tend have a positive leaning towards the IMF or, if they are examining certain policies yet to be applied, they are freely available.

¹² Namely, papers which are available are: "Banks During the Argentine Crisis: Were They All Hurt Equally? Did They All Behave Equally?", "Common Factors in Latin America's Business Cycles", "Haircuts: Estimating Investor Losses in Sovereign Debt Restructurings, 1998-2005", "Bank Consolidation and Performance: The Argentine Experience", "Lessons from the Crisis in Argentina", "Bank Debit Taxes in Latin America - An Analysis of Recent Trends", "Has the Nature of Crises Changed? A Quarter Century of Currency Crises in Argentina", "Determinants of Argentina's External Trade", "A Model of Contagious Currency Crises with Application to Argentina", "Capital Structures and Portfolio Composition During Banking Crisis - Lessons from Argentina 1995", "Monetary Impact of a Banking Crisis and the Conduct of Monetary Policy", "Borrowing Risk and the Tequila Effect", "Bank Concentration and the Supply of Credit in Argentina", "Bank Credit in Argentina in the Aftermath of the Mexican Crisis: Supply or Demand Constrained?", "Banks During the Argentine Crisis: Were They All Hurt Equally? Did They All Behave Equally?", "Common Factors in Latin America's Business Cycles", "Haircuts: Estimating Investor Losses in Sovereign Debt Restructurings, 1998-2005", "An Institutional Framework for Comparing Emerging Market Currency Boards", "Bank Consolidation and Performance: The Argentine Experience", "Lessons from the Crisis in Argentina", "Argentina: Macroeconomic Crisis and Household Vulnerability", "Reforming Intergovernmental Fiscal Relations in Argentina", "Monetary Rules for Emerging Market Economies", "Bank Debit Taxes in Latin America - An Analysis of Recent Trends", "In Search of Coincident and Leading Indicators of Economic Activity in Argentina" and "Toward a Framework for Systemic Liquidity Policy" (International Monetary Fund a 2009).

¹³ <http://www.imf.org/external/pubs/cat/longres.cfm?sk=16404.0>

If however, the paper is referring to the crisis and other "hot" topics of the cooperation with Argentina, the paper tends to be not free of charge and not available for downloading and in some instances, one cannot even find it.

On the other hand, when opening a page 'Republic of Croatia and the IMF'¹⁴, the situation is somewhat different.

In all five pages, all materials are accessible in a clear and concise manner and there is no need for extensive patience in tracking down preferred texts.

In this sense, it might be safe to make an assumption that the IMF is willing to distribute material on Croatia and make it easily accessible, due to the fact that the cooperation with Croatia produced more positive results, while there were constant obstacles and problems in the relationship between the IMF and Argentina. Indeed, one may argue that the only sector that caused the IMF problems were the Croatian media, while all other sectors, including the majority of the academic world, agreed on the main points, even if they argued that certain mistakes were made.

CHALLENGES WHEN COVERING THE IMF (INSTEAD OF CONCLUSION)

In this sense, the question is: how to report the IMF?

From the available materials, one can form a picture of how the cooperation went and it is possible to get statements from transcripts and the press coverage, of which there are plenty of material available on the website. But, how newsworthy is that?

Then, what about the commonly expressed criticism that the IMF purposefully undermined the economies of Latin America in general and Argentina in particular? What about Alex Dreher's accusations of the IMF being the servant of The United States politics? These and similar topics are hard and somewhat impossible to find on the IMF website.

Hopefully the grievances met while writing this paper will be easily avoided by other authors, when they attempt to contact the IMF concerning the issues argued here.

Question arising from this is: how should journalists report the IMF (bearing in mind that journalism is supposed to be "objective, accurate and balanced", Topić 2008).

One challenge is that the journalist should not be miss-lead by the impressive list of literature available on the website for it only provides a very one-sided view of the documents, which should be public.

Another thing is selectivity. In a pool of so many transcripts, press releases, press conferences, news briefings and all the other information available, it is easy to get carried away with information, which might not be as important as the one we are missing.

To return to the issue of the questions sent to IMF, which still remain unanswered, but also there seems to be a certain tendency in the IMF not to publish any documents, which discuss the questions posed by this paper. This might be an attempt of the new censorship under the mask of being super informative about its activities.

Therefore the IMF publicizes their policy of making 'all possible information available to the public' in order to leave the most damaging ones in the dark and out of reach from the public. If a journalist doing a story on the IMF does not closely analyze the received data, in the case of the Argentinean crisis, 23 pages of various publications, then

¹⁴ <http://www.imf.org/external/country/HRV/index.htm>

the sheer volume of different documents can blind the journalist from discovering the real answer to those posed questions, which lead her / him to search the IMF website in the first place. Perhaps it is too much to expect a 'normal' journalist, pressured with deadlines and without any special access-levels to have the time to consult in-depth all the available academic literature written on the topic and discover some of the criticisms, which have been posed against the IMF, but buried deep within the academic literature.

The IMF paper on communication states that: "the current communication strategy took shape in the mid-1990s. In the face of sometimes intense public scrutiny, the Fund increased its transparency and publication of information, most notably on the external website; established more systematic contacts with the media; and extended outreach to a wider array of non-media audiences—including civil society—both to better explain IMF policies and to seek feedback to improve them" (IMF Communication Strategy, 2007).

However, if the IMF will refuse to communicate with journalists as it did in this case, then it is hard to talk about any transparency of information for the IMF refused to comment on widely expressed criticism.

The paper also states that "in 2005, Executive Directors noted that (the communication) was reasonably balanced" (IMF Communication strategy, 2007). "They also endorsed the objective of "better coordination and integration of communication activities with IMF operations, both in country work and in broader policy design and implementation"—recognizing that communication is not an add-on, but rather plays an essential role in supporting the IMF mission and work" (IMF Communication strategy, 2007).

However, as this paper has been written after this communication strategy saw the light of the day, due to the impossibility of obtaining any statement from the IMF and due to the unavailability of certain documents from the IMF, titles of which being very interesting, it seems that this strategy is still in the process of establishment. Or, as said above, it could be a new way of censorship endorsed by the IMF to make journalists say what they want to be said.

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POMOĆI ILI UNIŠTITI? OPŠTE PRIHVAĆENA KRITIKA MEĐUNARODNOG MONETARNOG FONDA I PROBLEMA MEDIJA – SLUČAJ ARGENTINE I HRVATSKE

Martina Topić

Ovaj rad analizira načelno prihvaćenu kritiku Međunarodnoga Monetarnog Fonda i njegove odnose s medijima. Posljednje je učinjeno u smislu suradnje MMF-a s Argentinom i Hrvatskom. Ove dvije zemlje nisu imale potpuno isti oblik suradnje sa MMF-om ali su slične u količini kritika koje je MMF dobio u objema zemljama. U prvom slučaju smatra se da je MMF minirao argentinsko gospodarstvo, a u drugome slučaju često ga se krivi za vanjski dug i inozemno vlasništvo nad hrvatskim bankama. Dodatno, MMF se često krivi da je produžena ruka američke vanjske politike koja pomoć daje zemljama američkim saveznicama dok u isto vrijeme minira gospodarstva zemalja koje nisu američke saveznice. Obzirom na nemogućnost dobivanja bilo kakvoga komentara od MMF-a (nakon nekoliko mjeseci pokušavanja) s objašnjenjem da konzultiramo website, ovaj rad također analizira MMF-ov website i njegovu komunikaciju s medijima. Zaključak rada je da je MMF-ov website dvojben obzirom na nemogućnost pronalaženja određenih informacija te obzirom na nejasan sustav klasificiranja PR izvještaja i informacija o zemljama članicama. Umjesto jasne komunikacije s medijima, MMF upućuje novinara na website gdje se čini da ignorira određene informacije, a ističe druge čineći time posao dobivanja jasne i potpune informacije zaista teškim, a time dodatno čini kritiku još pouzdanijom i vjerodostojnijom.

Ključne reči: *MMF, Argentina, Hrvatska, kritika, mediji*