



“Largest humanitarian catastrophe”: Financial expert Ernst Wolff explains the causes. (Basics of the Financial Industry)



According to the UN Emergency Relief Coordinator Stephen O'Brien, the United Nations is confronted with the largest humanitarian disaster since its foundation. But why is it that in today's technologically developed world such humanitarian catastrophes are possible at all? One person who addresses the political as well as the economic causes of the impoverishment of millions of people, is the German financial expert Ernst Wolff. Discover more through Wolff's interview with the Serbian magazine "Geopolitika" about the main causes of the "largest humanitarian famine catastrophe" and the basics of the financial industry.

On March 11th, 2017 the following report of the news agency "Associated Press" – in short "AP" – made the rounds: The British UN Emergency Relief Coordinator Stephen O'Brien had raised the alarm. In four countries a total of 20 million people could starve to death. O'Brien had recently visited the crisis areas in Yemen, South Sudan, Somalia, and also Nigeria to get an idea of the situation. He said to the diplomats attending the Security Council: "All four countries have one thing in common – the conflict. [...] People will simply starve to death".

A UN statement specified that for the Emergency Relief Coordinator a "critical point in the history of the United Nations" had been reached. The United Nations has been confronted with the largest humanitarian disaster since its foundation.

O'Brien said "The situation for the people in these countries is terrible, and without collective and coordinated global efforts it will become even worse."

Required by July 2017 were \$4.4 billion US Dollars, O'Brien said in front of the UN Security Council.

So that's what it is all about: \$ 4.4 billion Dollars are needed, for which the taxpayer ultimately has to pay.

But why do neither the UN nor any of the Western mass media conglomerates ask the question as to what the largest humanitarian disaster since 1945 can be attributed to?

It cannot be a lack of money, since the same leading media listed on January 16th, 2017 the names of the eight richest men in the world.

They are said to have possessed together 426 billion US Dollars in 2016 – more than the entire poorer half of the world's population! And a hundred times as much as was needed, according to O'Brien.

In view of this horrendous accumulation of wealth it is most certainly not about a lack of money. So why is it that in today's technologically, highly developed world such humanitarian catastrophes are at all possible?

The German financial expert Ernst Wolff is one person who is engaged with the political and economic causes of the impoverishment of millions of people. Wolff studied in the USA and, among others, has worked as a freelance journalist, translator, and author.

In his book “Pillaging the World: The History and Politics of the IMF” (published in November 2014), he reveals the history of the International Monetary Fund (IMF). Therein Wolff sets out how the politics of the IMF on the one hand promote hunger, poverty, epidemics, and war, and on the other hand favor a tiny group of the ultra-rich, whose current fortunes are becoming immeasurable. As with the eight ultra-rich men that have already been mentioned.

In an interview with the Serbian magazine “Geopolitika” Wolff speaks about the most important contents of his book. The interview had already been published in German on April 7th, 2015, but in view of the “largest humanitarian catastrophe” it is more relevant than ever. Wolff explains the basics of the financial industry by commenting in a simple way on the most important cornerstones of IMF-programs such as liberalization, deregulation, and privatization.

Wolff points out:

- How many African countries that have previously been self-sufficient in food have been made dependent on international food companies.
- How the IMF acted as a war companion in various countries, favoring or even causing conflicts.
- That from the very beginning the IMF's goal was to secure not only economic and military, but also financial US world domination.

The IMF is the extended arm of Wall Street and the White House, Wolff said.

For self-study and dissemination, view Ernst Wolff's interview with the magazine “Geopolitika” in which he explains the main causes of the “largest humanitarian famine catastrophe”.

IMF expert Ernst Wolff in an interview with the Serbian magazine “Geopolitika”:

(Geopolitika:) Dear Mr. Wolff, according to the IMF this organization was founded to establish and strengthen a sound global monetary system, to stabilize exchange rates, to grant credits, to monitor the monetary policy, and to provide technical assistance.

Has the IMF fulfilled even one of its tasks or was the predefined goal already assumed in its service of the “big interests”?

(Ernst Wolff :) After the Second World War, the USA was the strongest economic and military power on earth. However they produced more goods than they could consume. That's why they had to create new markets.

Therefore they convened in 1944 the Bretton Woods Conference. There they laid plans for a global monetary system, tailored exclusively to their own interests. All world currencies were tied to the US dollar at fixed exchange rates, which allowed the USA to flood the world market with American goods and American capital.

It was the task of the IMF to introduce and stabilize this system worldwide. So, from the beginning the IMF had the goal not only to secure the economic and military, but also the financial world supremacy of the USA.

(Geopolitika :) Currently the IMF has 188 member states whose voting rights are based on their capital share. The member state with the highest voting shares is the USA, with 16.75%.

So does the USA call the shots? How is the IMF actually structured?

(Ernst Wolff :) The IMF is also structured like other financial organizations. It has about 2.600 employees, a board of directors, and a board of governors. However, the USA does have a blocking minority and a veto right, which means that no decision can be made without their consent.

But the most important factor for the prepotency of the USA is the worldwide dominance of the US Dollar. It is not only the leading global currency, but also the most important Reserve Currency.

All central banks in the world hold a large portion of their foreign exchange reserves in US Dollars. So, the whole world needs the Dollar, but the only country allowed to print it, is the USA. In this way, by means of their currency, they dominate the financial affairs of the whole world.

(Geopolitika :) The IMF is the sister organization of the World Bank. What does this cooperation look like in reality?

(Ernst Wolff :) The World Bank is mainly responsible for financing major investment projects such as railway lines, ports or dams. The main task of the IMF is that of being the “Lender of Last Resort”. The IMF intervenes whenever a country falls into financial difficulties. It offers them loans but ties to them with harsh conditions that limit the sovereignty of the country and subordinate it to the interests of international finance capital.

In essence the IMF acts like a pawnbroker exploiting the emergency situation of its clients in order to make them docile and to enrich themselves.

(Geopolitika :) One concept that is used repeatedly in connection with the IMF is “Structural Adjustment Programs”. What does the implementation of such a project look like?

(Ernst Wolff :) With the Structural Adjustment Programs the IMF has systematized its approach, since the late 1970s, upon the foundation of neoliberalism. The main cornerstones of these programs are liberalization, deregulation and privatization.

Among other things liberalization includes the abolition of import restrictions. It means that local, mostly medium-sized companies have to compete with huge transnational (international) corporations.

In this way, as an example, many African Countries – previously self-sufficient in food production – have been made dependent upon international food companies.

Deregulation means the abolition of all restrictions on foreign investment. This means that domestic investors have to compete with Wall Street giants and are often overwhelmed by them.

Privatization means that previously subsidized (financially supported) goods such as water or energy – after the acquisition by foreign corporations – become more expensive and unaffordable for the lower income population. This means that Structural Adjustment

Programs favor large international investors and harm the local population.

(Geopolitika:) In your book “Pillaging the World: The History and Politics of the IMF”, you describe the historical development of the IMF in four stages by observing wars, coup d'états, and financial failures of countries. The game starts in Latin America, particularly in Chile. What kind of mischief was the IMF up to on this continent?

(Ernst Wolff:) The fascist coup in Chile in 1973 was a turning point in the development of the IMF. After the dictator Pinochet had taken power, he mandated a group of economists from the Chicago School of Economics, under Milton Friedman, to re-organize the economy of his country.

This group came to be known as the “Chicago Boys” and was composed of adherents to neoliberalism. The goal of neoliberalism is to keep the state far away from the economy, and to leave it open to market forces.

But as the market is dominated and manipulated by the financial industry, and a few large transnational corporations, neoliberalism supports the interests of international high capital. With the adoption of this philosophy, a neoliberal crusade by the IMF began in Chile, continued in Argentina, and later on in the Latin American crisis of the 80s, which led to the impoverishment of millions of working people all over South America.

(Geopolitika:) The IMF has about 2.600 employees from 142 countries. The IMF could not accomplish all of this mischief without permission of the country's governments nor without help of its employees. How can one find traitors so quickly and in so many countries?

(Ernst Wolff:) Over several decades, the world has become completely dominated by the financial industry. No government can exist, in the long run, without submitting to the global financial institutions. In most cases politicians are already financed during their election campaign by sponsors. Due to this dependence upon Big Money, the profession of a politician attracts opportunists and careerists above all (for whom the end justifies the means). These people are the ideal partners for the IMF, because they can be bought and have no conscience.

(Geopolitika:) The big Soviet Union was not spared by the IMF. What are the arguments used by the organization there, and what are the consequences?

(Ernst Wolff:) The collapse of the Soviet Union resulted for the first time in history in the abolition of a (centrally administered) planned economy, and its replacement by a capitalistic system (controlled by the market). The IMF recognized very quickly the opportunities for western banks and corporations, and organized – together with former officials and ex-party members – the privatization of the economy.

This cooperation resulted in an enormous robbery of the previous common property of the former Soviet citizens and created a class of oligarchs who invested a large part of their assets in western banks. Although the IMF had at the beginning of the measures promised a better future, the introduction of a market economy resulted in a catastrophic social decline for the working population. Still today, the standard of living for one third of the people in the territory of the former Soviet Union remains lower than during the time of the planned economy.

(Geopolitika:) At the beginning of the 90s, the IMF targeted Yugoslavia. A chapter of your

book is concerned with this issue. You suggest that the IMF has been active as a war companion in this country.

(Ernst Wolff:) The IMF has intentionally contributed to the destabilization of Yugoslavia by preventing cash flow between the Serbian region and the other republics and provinces, and through this has systematically fostered nationalistic tendencies.

The background to the strategy of the IMF in Yugoslavia was the interest of the USA – to replace the non-aligned regime by a regime dependent upon the west.

Moreover, the IMF worked together with the EU, which wanted to incorporate parts of former Yugoslavia.

The events in Yugoslavia show – just as the events in the Ukraine – that a financial organization can manage to drive an entire country systematically into war through economic and financial measures.

(Geopolitika:) If one wants to destroy a country economically, then one should call for the IMF. Serbia is the best example. Since 2000, the country has been strongly influenced by the IMF. One can say that the IMF is running the catastrophic financial policy of the country. The impact is so drastic, that the Serbian government has been obliged to raise the price of electricity by 15 %. Does this reveal the IMF to be an instrument of the domination of international finance capital?

(Ernst Wolff:) Most certainly. With the increase of the price of electricity, the IMF burdens the working people in Serbia, who don't have an easy life to begin with. The austerity policy of the IMF in Serbia (a severe form of thrift), is no different than in any other country of the world. It never targets the ultra-rich, but always the working population, and particularly the weakest members of society.

The IMF helps the global financial elite to enrich themselves beyond measure at the expense of the rest of humanity. Through this it actively fosters the worst trend on our planet: the explosion of social inequality. Never before in human history has the difference between rich and poor been so vast as it is today.

(Geopolitika:) Did the IMF also have its hand in the game during the big financial crisis of 2007/2008, like for instance in Greece, Iceland, Ireland, Cyprus ...?

(Ernst Wolff:) The IMF was not the cause of the crisis, but as soon as the crisis set in, together with the European Central Bank and the EU-Commission, they established the 'Troika' and with resolve swooped in.

The cause of the crisis were unscrupulous speculative transactions of the financial industry. The IMF has always denied this cause and claims that the countries in crisis had lived beyond their means and therefore needed to curtail spending. So the role of the IMF consisted then in coming to the defense of the true culprits – the bankers – and to pass on the consequences of their conscienceless policy in the form of austerity programs, with the strictest frugality for the working people.

In this way, the IMF has contributed to the largest redistribution of wealth that has ever taken place on European territory.

(Geopolitika:) There should be culprits, with such a comprehensive raid on countries. What are their names?

(Ernst Wolff:) First of all, the culprits are unscrupulous bankers who have speculated via the financial markets without any regard to the social consequences of their actions. Secondly, it's the politicians in bondage to bankers who pass on the consequences of unsuccessful speculations to the working population. Thirdly, it's the leading members of organizations such as the IMF who organize in detail the robbery of the working population as per the instructions of the politicians.

In actuality, all three groups should be held accountable for their severe human rights violations and be brought to justice.

(Geopolitika:) The USA is by far the most indebted nation. Will the IMF then finally also bring the USA to its knees?

(Ernst Wolff:) The IMF is the extended arm of Wall Street and the White House. It will never bring the USA to its knees, instead it will do all to preserve Washington's power. Since the Dollar as a reserve currency is getting weaker all the time, and China as an economic power is getting stronger all the time, the IMF is actually trying to prepare itself for an era after the dominance of the Dollar. So the Chinese Yuan is supposed to be included in the currency basket, which serves as the foundation for the Special Drawing Rights (the IMF's own currency). But all these efforts will founder, because the existing financial system is beyond being saved.

“Pillaging the World: The History and Politics of the IMF” Erscheinungsdatum 19.11.2014

ISBN

978-3-8288-3438-5

from dd.

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