International Journal of Economics and Finance; Vol. 6, No. 11; 2014
ISSN 1916-971X E-ISSN 1916-9728
Published by Canadian Center of Science and Education

IMF and Social Indicators: A Story of Love or Hate?

Panagiotis Kotsios[1] & Vaios Kotsios[2]

[1] Technological Educational Institute of Thessaly, Larisa, Greece

[2] National Technical University of Athens, Athens, Greece

Correspondence: Panagiotis Kotsios, Technological Educational Institute of Thessaly, Larisa, 41110, Greece. Tel: 30-698-385-2592. E-mail: panagiotiskotsios@gmail.com

Received: July 14, 2014 Accepted: August 19, 2014 Online Published: October 25, 2014

doi:10.5539/ijef.v6n11p203 URL: http://dx.doi.org/10.5539/ijef.v6n11p203

Abstract

The International Monetary Fund (IMF) is an international organization that was initiated in 1944 at the Bretton Woods Conference and formally created in 1945 by 29 member countries, in order to assist in the reconstruction of the world's international payment system post–World War II. The IMF presently has 188 member countries, and its stated goals are to ensure the stability of the international monetary and financial system, resolve crises and work with its member countries to promote growth and alleviate poverty. The tools that IMF uses are lending, economic surveillance, technical assistance and training, underpinned by research and statistics. During the years, the IMF has lent funds in various developing and developed countries around the world. IMF effectiveness, however, in achieving its goals is in question. There have been many cases of countries where the IMF has lent funds and people's lives have actually gotten worse. Social indicators like health, education, employment, poverty and income inequality statistics can be used in order to test the validity of this statement. Consequently, the goal of the current article is to examine the course of social indicators in countries where the IMF has intervened, and assess its effectiveness in achieving its goals.

Keywords: IMF, loans, conditionality, social indicators, poverty

1. Introduction

The International Monetary Fund (IMF) is an international organization that was initiated in 1944 at the Bretton Woods Conference and formally created in 1945 by 29 member countries, in order to assist in the reconstruction of the world's international payment system post–World War II. The IMF presently has 188 member countries, and its stated goals are to ensure the stability of the international monetary and financial system, resolve crises and work with its member countries to promote growth and alleviate poverty. The tools that IMF uses are lending, economic surveillance, technical assistance and training, underpinned by research and statistics.

Social indicators are used to assess the well being of a country's population. In the economics literature there has been a number of Social Indicators (SI) definitions. Bauer (1966) described them as forms of evidence that help in the assessment of present position and future directions. The Organisation for Economic Co-operation and Development (OECD) (1976) stated that a SI is a *"direct and valid statistical measure which monitors levels and changes over time in a fundamental social concern"* (p. 25). Atkinson et al. (2002) saw SI as *"a parsimonious set of specific indices covering a broad range of social concerns"* (p. 2). This set includes statistics similar to economic statistics of the national accounts which are intended to provide a basis for making concise, comprehensive and balanced judgments about the conditions of major aspects of society as accurate measures of a good society.

During the years, the IMF has received many criticisms about its effectiveness in achieving its proclaimed goals and IMF loan conditions have been blamed for negatively affecting social indicators in many borrower countries. IMF's loan conditions may include structural adjustment policies like increasing taxes, cutting off health, education and social protection expenditures, lowering wages, firing civil servants and various other austerity measures, as well as privatizations of national industries, resources and assets and increased support for private financial institutions. As mentioned by Munevar and Toussaint (2013)*"in many cases, the living conditions of hundreds of millions of people in the World have been degraded as a result of the debt based policies forced on them by the World Bank and the IMF with the complicity of their own governments*" (online). Shuh (2013) claims that *"many developing nations are in debt and poverty partly due to the policies of international institutions such* *as the International Monetary Fund (IMF) and the World Bank. Their programs have been heavily criticized for many years for resulting in poverty"* (online). A Center for Economic and Policy Research (CEPR) study of IMF advice in Europe found *"a focus on other policy issues that would tend to reduce social protections for broad sectors of the population (including public pensions, health care, and employment protections), reduce labour's share of national income, and possibly increase poverty, social exclusion, and economic and social inequality as a result"* (p. 5). Also Griffiths and Todoulos (2014) in their study conclude that *"if countries are genuinely facing protracted and serious debt problems, then IMF lending only makes the situation worse"* (p.5).

The goal of the current article is to examine the course of social indicators in countries where the IMF has lended funds and assess its effectiveness in achieving its goals. The research starts by giving information about the International Monetary Fund, its activities, the lending process and loan types. The research then uses a random sample of 9 countries that have borrowed funds from IMF, presents their IMF loans from 1884 onwards and makes an analysis of the following social indicators: health, education, employment, poverty and income inequality. Following there is a discussion of the results. Conclusions and policy recommendations are drawn in the final part of the study.

2. International Monetary Fund

2.1 Description

The IMF was initiated in 1944 by 29 member countries. Presently it has 188 member countries and its goals are to ensure the stability of the international monetary and financial system, resolve crises and work with its member countries to promote growth and alleviate poverty. The tools that IMF uses are the following (IMF, 2014):

A. *Lending:* The IMF provides loans to countries that have trouble meeting their international payments and cannot otherwise find sufficient financing on affordable terms. This financial assistance is designed to help countries restore macroeconomic stability by rebuilding their international reserves, stabilizing their currencies, and paying for imports–all necessary conditions for relaunching growth. The IMF also provides concessional loans to low-income countries to help them develop their economies and reduce poverty.

B. *Surveillance:* The IMF oversees the international monetary system and monitors the financial and economic policies of its members. It keeps track of economic developments on a national, regional, and global basis, consulting regularly with member countries and providing them with macroeconomic and financial policy advice.

C. *Technical Assistance:* The IMF assists mainly low- and middle-income countries in effectively managing their economies, provides practical guidance and training on how to upgrade institutions and design appropriate macroeconomic, financial, and structural policies.

D. *Research and data:* Supporting all three activities outlined above is the IMF's economic and financial research and statistics.

2.2 Conditionality

IMF conditionality is a set of policies or conditions that the IMF requires in exchange for financial resources. When a country borrows from the IMF, its government agrees to adjust its economic policies to overcome the problems that led it to seek financial aid from the international community. These loan conditions also serve to ensure that the country will be able to repay the Fund so that the resources can be made available to other members in need. Lending reforms approved in 2009 streamlined IMF conditionality in order to promote national ownership of strong and effective policies.

2.3 Quota System

The IMF's quota system was created to raise funds for loans. Each IMF member country is assigned a quota, or contribution, that reflects the country's relative size in the global economy. Each member's quota also determines its relative voting power. Thus, financial contributions from member governments are linked to voting power in the organization. Each member has a number of basic votes, plus one additional vote for each Special Drawing Right (SDR) of 100,000 of a member country's quota. The Special Drawing Right is the unit of account of the IMF and represents a claim to currency. It is based on a basket of key international currencies (Euro, Japanese yen, pounds sterling and U.S. dollars). The basic votes generate a slight bias in favour of small countries, but the additional votes determined by SDR outweigh this bias. Table 1 presents the top 10 countries in IMF quotas.

Table 1. Top 10 countries in IMF quotas

No	IMF Member country	Quota: Millions of SDRs	Quota: Percentage of the Total	Percentage of Votes
1	United States	42,122.4	17.69	16,75
2	Japan	15,628.5	6.56	6,23
3	Germany	14,565.5	6.12	5,81
4	France	10,738.5	4.51	4,29
5	United Kingdom	10,738.5	4.51	4,29
6	China	9,525.9	4.00	3,81
7	Italy	7,055.5	3.24	3,16
8	Saudi Arabia	6,985.5	2.93	2,80
9	Canada	6,369.2	2.67	2,56
10	Russia	5,945.4	2.50	2,39

Source: IMF.

The United States are the largest contributor in IMF funds (17,69%) and this gives the US increased voting power and influence in the organization's decision making process. Following is Japan and Germany with 6%, France, the UK and China with 4%, Italy with 3% and Saudi Arabia, Canada and Russia with 2%. Actually the quota system follows the logic of a shareholder-controlled organization: since decision making at the IMF reflects each member's relative economic position in the world, wealthier countries that provide more money to the fund have more influence in the IMF than poorer members.

2.4 IMF Lending

A core responsibility of the IMF is to provide loans to member countries experiencing actual or potential balance of payments problems. The volume of loans provided by the IMF has fluctuated significantly over time. The oil shock of the 1970s and the debt crisis of the 1980s were both followed by sharp increases in IMF lending. In the 1990s, the transition process in Central and Eastern Europe and the crises in emerging market economies led to further surges of demand for IMF resources. Deep crises in Latin America and Turkey kept demand for IMF resources high in the early 2000s. IMF lending rose again in late 2008 in the wake of the global financial crisis.

2.4.1 The Process of IMF Lending

Upon request by a member country, IMF resources are usually made available under a lending "arrangement," which may, depending on the lending instrument used, stipulate specific economic policies and measures a country has to implement to resolve its balance of payments problem. The economic policy program underlying an arrangement is formulated by the country in consultation with the IMF and is in most cases presented to the Fund's Executive Board in a "Letter of Intent." Once an arrangement is approved by the Board, a cooperation memorandum is signed and IMF resources are usually released in phased instalments as the program is implemented. Some arrangements provide strong-performing countries with a one-time up-front access to IMF resources and thus not subject to policy understandings.

2.4.2 IMF Lending Instruments

Over the years, the IMF has developed various loan instruments that are tailored to address the specific circumstances of its diverse membership. The main loan types are concessional and non-concessional loans.

A. **Concessional Loans:** Concessional loans are addressed to low-income countries. These loans are of three types (IMF, 2014):

- the Extended Credit Facility (ECF): The ECF is the Fund's main tool for providing medium-term support to Low Income Countries (LICs) with protracted balance of payments problems. Financing under the ECF currently carries a zero interest rate, with a grace period of 5½ years, and a final maturity of 10 years.
- the Standby Credit Facility (SCF): The SCF provides financial assistance to LICs with short-term balance of payments needs and can also be used on a precautionary basis. Financing under the SCF currently carries a zero interest rate, with a grace period of 4 years, and a final maturity of 8 years.
- the Rapid Credit Facility (RCF): The RCF provides rapid financial assistance with limited conditionality to LICs facing an urgent balance of payments need. Financing under the RCF currently carries a zero interest rate, has a grace period of 5½ years, and a final maturity of 10 years.

B. **Non-Concessional Loans:** Non-concessional loans are of the following types:

- the Stand-By Arrangements (SBA): Historically, the bulk of non-concessional IMF assistance has been provided through SBAs. The SBA is designed to help countries address short-term balance of payments problems. Program targets are designed to address these problems and disbursements are made conditional on achieving these targets ('conditionality'). The length of a SBA is typically 12–24 months, and repayment is due within 3¼-5 years of disbursement. SBAs may be provided on a precautionary basis.
- the Flexible Credit Line (FCL): The FCL arrangements are approved, at the member country's request, for countries meeting pre-set qualification criteria. The length of the FCL is either one year or two years with an interim review of continued qualification after one year. Disbursements under the FCL are not conditional on implementation of specific policy understandings as is the case under the SBA. There is flexibility to either draw on the credit line at the time it is approved or treat it as precautionary. The repayment term of the FCL is the same as that under the SBA.
- the Precautionary and Liquidity Line (PLL): The PLL is addressed to countries that face moderate vulnerabilities and may not meet the FCL qualification standards, but they do not require the substantial policy adjustments normally associated with SBAs. The PLL combines qualification (similar to the FCL) with focused conditions that aim at addressing the identified remaining vulnerabilities. Duration of PLL arrangements range from either six months or one- to two years. Access under six-month PLL arrangements is limited to 250 percent of quota in normal times, but this limit can be raised to 500 percent of quota in exceptional circumstances where the balance of payments need is due to exogenous shocks, including heightened regional or global stress. One- to two-year PLL arrangements are subject to an annual access limit of 500 percent of quota, and all PLL arrangements are subject to a cumulative cap of 1000 percent of quota. There is flexibility to either draw on the credit line or treat it as precautionary. The repayment term of the PLL is the same as for the SBA (3¼-5 years)
- the Extended Fund Facility (EFF): The EFF was established in 1974 to help countries address medium- and longer-term balance of payments problems reflecting extensive distortions that require fundamental economic reforms. Its use has increased substantially in the recent crisis period. Arrangements under the EFF are typically longer than SBAs—normally not exceeding three years at approval. However, a maximum duration of up to four years is also allowed, predicated on the existence of a balance of payments need beyond the three-year period, the prolonged nature of the adjustment required to restore macroeconomic stability, and the presence of adequate assurances about the member's ability and willingness to implement deep and sustained structural reforms. Repayment is due within 4½–10 years from the date of disbursement.
- the Rapid Financing Instrument (RFI): The RFI was introduced to replace and broaden the scope of the earlier emergency assistance policies. The RFI provides rapid financial assistance with limited conditionality to all members facing an urgent balance of payments need. Access under the RFI is subject to an annual limit of 50 percent of quota and a cumulative limit of 100 percent of quota. Emergency loans are subject to the same terms as the FCL, PLL and SBA, with repayment within 3¼–5 years.

All non-concessional facilities are subject to the IMF's market-related interest rate, known as the "rate of charge" and large loans (above certain limits) carry a surcharge. The rate of charge is based on the SDR interest rate, which is revised weekly to take account of changes in short-term interest rates in major international money markets. The maximum amount that a country can borrow from the IMF, known as its access limit, varies depending on the type of loan, but is typically a multiple of the country's IMF quota. This limit may be exceeded in exceptional circumstances. The Stand-By Arrangement, the Flexible Credit Line and the Extended Fund Facility have no pre-set cap on access.

2.5 IMF's Current Loans

Outlined below are the countries have currently borrowed funds from IMF under each concessional and non-concessional funding scheme.

Table 2. Current IMF concessional loans

Extended Credit Facility (ECF)		Standby Credit Facility (SCF)
Afghanistan	Haiti	Georgia
Bangladesh	Kyrgyz Republic	Tanzania
Benin	Liberia	
Burkina Faso	Malawi	
Burundi	Mali	

Central African Republic	Niger
Cote d'Ivoire	Sao Tome & Principe
Gambia, The	Sierra Leone
Guinea	Solomon Islands

Source: IMF.

Currently 18 countries have borrowed funds from the IMF under the ECF scheme, and 2 under the SCF.

Table 3. Current IMF non-concessional loans

Stand-By Arrangements (SBA)	Flexible Credit Line (FCL)	Precautionary and Liquidity Line (PLL)	Extended Arrangements (EFF)
Bosnia-Herzegovina	Colombia	Morocco	Albania
Georgia	Mexico		Armenia
Jordan	Poland		Cyprus
Romania			Greece
St. Kitts and Nevis			Jamaica
Tunisia			Pakistan
			Portugal

Source: IMF.

Currently 6 countries have borrowed funds from the IMF under the SBA scheme, 3 under the FCL, 1 under the PLL, 7 under the EFF and zero under the RFI.

3. IMF and Social Indicators

3.1 Selected Countries: IMF Loans

Currently 37 countries have open loans with IMF. The 9 countries that will be used as a sample, have been randomly selected and come from different parts of the world. They are the following: Honduras, Georgia, Greece, Liberia, Bangladesh, Romania, Ghana, Jamaica and the Democratic Republic of Congo. The sample includes both developing as well as developed countries. IMF loans in each country will be presented below in Tables 4 to 12. The loans presented start from 1984 due to availability from the IMF database.

3.1.1 Honduras

Table 4. Honduras Transactions with IMF from May 01, 1984 to March 31, 2014 in SDRs

Year	Total Disbursements	Total Repayments	Total Charges/Interest Paid
2014	0	1.017.100	0
2013	0	4.068.400	0
2012	0	4.068.400	0
2011	0	3.051.300	0
2010	0	1.017.100	2.23
2009	0	0	101.708
2008	0	0	102.546
2007	0	0	101.432
2006	10.171.000	107.457.000	106.562
2005	10.171.000	18.251.000	624.267
2004	20.342.000	10.053.000	626.862
2003	0	29.174.000	1.003.005
2002	0	30.530.000	1.782.811
2001	16.150.000	6.780.000	2.788.829
2000	16.150.000	3.729.000	2.977.353
1999	76.000.000	2.712.000	2.041.948
1998	47.500.000	1.356.000	164.937
1997	0	6.377.500	269.884

1996	0	26.085.000	1.288.713
1995	20.340.000	28.788.750	2.974.819
1994	0	11.200.000	3.556.158
1993	6.780.000	2.118.750	4.403.168
1992	57.800.000	0	4.312.786
1991	2.300.000	1.411.065	1.917.058
1990	21.250.000	25.553.259	4.727.848
1989	0	320.727	243.789
1988	0	27.084.565	3.185.569
1987	0	35.171.573	4.230.838
1986	0	44.187.463	8.095.682
1985	0	18.738.305	10.655.225
1984	0	1.593.161	7.319.051
1985	0	172.893.564	79.672.694
1984	0	107.038.448	53.365.030
Total	304.954.000	731.826.430	202.640.572

Source: IMF.

Honduras has borrowed 304 million SDRs from 1984 to 2014 and has repaid 731 m SDRs. Interest Paid amounts to 202 m SDRs.

3.1.2 Georgia

Table 5. Georgia transactions with IMF from May 01, 1984 to March 31, 2014 in SDRs

Year	Total Disbursements	Total Repayments	Total Charges/Interest Paid
2014	0	57.525.000	585.035
2013	0	251.112.500	3.951.403
2012	0	159.900.000	7.643.307
2011	0	38.112.500	10.792.512
2010	194.600.000	14.100.000	7.558.202
2009	220.800.000	17.960.000	4.300.189
2008	161.700.000	22.110.000	1.183.873
2007	28.000.000	25.935.000	784.571
2006	28.000.000	33.435.000	780.916
2005	28.000.000	36.722.500	914.652
2004	14.000.000	37.000.000	1.142.275
2003	0	33.762.500	1.435.064
2002	22.500.000	23.125.000	1.839.439
2001	27.000.000	12.025.000	2.737.967
2000	0	19.656.250	3.538.958
1999	33.300.000	15.725.000	3.574.445
1998	27.750.000	693.75	4.241.535
1997	55.500.000	0	4.077.132
1996	55.500.000	0	3.492.710
1995	49.950.000	0	1.865.377
1994	27.750.000	0	0
Total	974.350.000	798.206.250	66.439.562

Source: IMF.

Georgia has borrowed 974 million SDRs from 1994 to 2014 and has repaid 798 m SDRs. Interest Paid amounts to 266 m SDRs.

3.1.3 Greece

Table 6. Greece transactions with IMF May 01, 1984 to March 31, 2014 in SDRs

Year	Total Disbursements	Total Repayments	Total Charges/Interest Paid
2014	0	1.141.412.500	218.837.498
2013	5.811.800.000	1.471.812.500	706.904.676
2012	1.399.100.000	0	503.562.719
2011	8.410.500.000	0	352.820.234
2010	9.131.300.000	0	61.414.236
Total	24.752.700.000	2.613.225.000	1.843.539.363

Source: IMF.

Greece has borrowed 24 billion SDRs from 2010 to 2014 and has repaid 2,6 b SDRs. Interest Paid until up to 1,8 b SDRs.

3.1.4 Liberia

Table 7. Liberia transactions with the fund from May 01, 1984 to March 31, 2014 in SDRs

Year	Total Disbursements	Total Repayments	Total Charges/Interest Paid
2013	14.764.000	0	0
2012	11.822.000	0	0
2011	8.880.000	0	0
2010	8.880.000	548.530.352	2.848.478
2009	11.440.000	0	7.065.192
2008	557.028.309	222.670.183	301.085.253
2007	0	469.688	0
2006	0	488.69	27.985
2005	0	41.98	567.745
2004	0	0	471.058
2003	0	0	333.306
2002	0	239.801	501.348
2001	0	452.149	203.606
2000	0	455.412	39.689
1999	0	438.581	1.442.022
1998	0	441.748	286.666
1997	0	36.889	63.991
1996	0	0	731.335
1995	0	97.567	998.962
1994	0	692.187	59.878
1990	0	679.899	0
1989	0	2.150.894	0
1988	0	1.043.500	0
1985	0	6.852.399	10.691.798
1984	21.500.000	14.462.021	10.791.030
Total	634.314.309	799.713.270	338.209.342

Source: IMF.

Liberia has borrowed 634 million SDRs from 1984 to 2014 and has repaid 799 m SDRs. Interest Paid sums up to 338 m SDRs.

3.1.5 Bangladesh

Table 8. Bangladesh transactions with IMF from May 01, 1984 to March 31, 2014 in SDRs

Year	Total Disbursements	Total Repayments	Total Charges/Interest Paid
2014	0	23.356.000	0
2013	274.269.000	91.727.250	108.813
2012	91.423.000	130.008.500	796.643
2011	0	83.215.250	1.819.095
2010	0	29.700.000	1.732.495
2009	0	14.850.000	3.611.964
2008	133.325.000	4.950.000	4.546.071
2007	0	0	1.579.310
2006	100.950.000	0	1.383.792
2005	67.280.000	0	895.111
2004	99.000.000	0	574.118
2003	49.500.000	51.937.500	858.31
2002	0	66.312.500	2.347.511
2001	0	47.312.500	4.769.012
2000	0	66.000.000	5.526.199
1999	0	67.868.750	4.732.837
1998	98.125.000	74.625.000	1.232.128
1997	0	83.250.000	1.628.730
1996	0	58.937.500	1.978.037
1995	0	40.250.000	2.208.929
1994	0	38.381.250	2.425.300
1993	28.750.000	64.687.500	3.960.397
1992	86.250.000	61.800.000	7.251.408
1991	171.875.000	103.333.994	15.307.209
1990	43.125.000	150.208.332	29.905.494
1989	18.687.500	95.783.332	35.173.897
1988	110.687.500	79.482.692	25.665.767
1987	280.650.000	128.445.190	29.290.601
1986	96.000.000	128.820.190	28.450.598
1985	90.950.000	89.278.524	32.196.436
1984	0	54.305.929	22.558.904
Total	1.840.847.000	1.928.827.683	273.656.806

Source: IMF.

Bangladesh has borrowed 1,8 billion SDRs from 1984 to 2014 and has repaid 1,9 b SDRs. Interest Paid amounts to 273 m SDRs.

3.1.6 Romania

Table 9. Romania transactions with the fund from May 01, 1984 to March 31, 2014 in SDRs

Year	Total Disbursements	Total Repayments	Total Charges/Interest Paid
2014	0	1.225.000.000	33.280.123
2013	0	4.051.750.000	236.672.138
2012	0	1.307.250.000	282.334.534
2011	769.000.000	0	295.974.669
2010	3.712.000.000	0	197.385.645
2009	6.088.000.000	0	49.782.551
2007	0	68.889.250	2.012.386
2006	0	113.666.750	6.526.407
2005	0	102.798.250	8.810.437

2004	0	115.293.663	9.266.575
2003	165.334.000	79.608.334	7.607.035
2002	82.666.000	75.733.334	8.562.355
2001	52.000.000	91.720.834	15.099.348
2000	86.750.000	72.885.834	18.145.558
1999	53.000.000	102.001.253	14.430.983
1998	0	92.307.083	21.352.872
1997	120.600.000	98.420.414	21.227.921
1996	0	245.362.084	26.530.492
1995	37.705.000	245.781.667	45.197.768
1994	245.085.000	89.571.250	43.651.698
1993	0	0	43.699.396
1992	338.500.000	153.400.000	44.278.459
1991	565.800.000	0	21.473.667
1989	0	106.912.784	8.830.558
1988	0	250.637.968	23.518.452
1987	0	225.980.303	37.863.321
1986	0	199.318.183	59.738.724
1985	0	172.893.564	79.672.694
1984	0	107.038.448	53.365.030
Total	12.316.440.000	9.394.221.250	1.716.291.796

Source: IMF.

Romania has borrowed 12 billion SDRs from 1984 to 2014 and has repaid 9,3 b SDRs. Interest Paid amounts to 1,7 m SDRs.

3.1.7 Ghana

Table 10. Ghana transactions with the fund from May 01, 1984 to March 31, 2014 in SDRs

Year	Total Disbursements	Total Repayments	Total Charges/Interest Paid
2014	0	2.635.000	0
2013	0	21.090.000	0
2012	119.140.000	21.090.000	0
2011	119.160.000	10.540.000	0
2010	81.500.000	0	18.97
2009	67.650.000	0	669.96
2008	0	0	531.589
2007	0	0	525.806
2006	79.100.000	265.389.000	303.737
2005	26.350.000	36.260.000	1.496.447
2004	26.350.000	29.616.000	1.520.531
2003	52.700.000	15.070.000	1.384.185
2002	52.582.500	10.960.000	1.316.623
2001	52.582.500	51.417.500	1.148.674
2000	26.752.500	28.090.000	1.103.042
1999	44.300.000	55.370.000	1.152.194
1998	82.200.000	102.279.456	1.782.374
1997	0	120.364.997	3.558.086
1996	27.400.000	86.294.998	4.992.216
1995	27.400.000	70.858.334	6.527.190
1994	0	57.599.995	7.650.008
1993	47.000.000	47.529.998	10.238.873
1992	0	45.289.275	14.410.012
1991	116.450.000	56.716.378	21.475.833
1990	48.000.000	85.772.360	27.252.912

1989	137.800.000	142.995.564	33.387.268
1988	161.300.000	205.880.746	34.758.699
1987	112.530.000	143.847.818	37.786.803
1986	32.720.000	28.431.174	43.332.005
1985	120.000.000	7.081.800	38.660.192
1984	165.900.000	1.113.600	16.623.582
Total	1.826.867.500	1.749.583.993	312.918.881

Source: IMF.

Ghana has borrowed 1,8 billion SDRs from 1984 to 2014 and has repaid 1,7 m SDRs. Interest Paid amounts to 312 m SDRs.

3.1.8 Jamaica

Table 11. Jamaica transactions with IMF from May 01, 1984 to March 31, 2014 in SDRs

Year	Total Disbursements	Total Repayments	Total Charges/Interest Paid
2014	45.950.000	63.737.500	1.534.941
2013	176.690.000	175.275.000	6.171.534
2012	0	0	6.110.298
2011	31.900.000	0	7.669.127
2010	509.900.000	0	4.221.644
2005	0	583.337	9.699
2004	0	5.395.836	104.605
2003	0	11.427.082	345.416
2002	0	14.458.332	829.813
2001	0	14.458.332	2.034.763
2000	0	14.458.332	2.925.773
1999	0	13.874.999	2.844.949
1998	0	12.470.836	3.941.206
1997	0	25.112.499	4.772.833
1996	0	49.474.999	6.369.705
1995	7.000.000	62.927.082	10.959.024
1994	34.375.000	60.926.043	12.102.217
1993	36.375.000	51.875.002	17.335.839
1992	41.750.000	55.698.951	20.745.505
1991	87.000.000	64.099.994	22.943.435
1990	41.100.000	82.108.336	25.005.554
1989	63.775.000	130.793.738	28.919.195
1988	43.700.000	163.166.661	30.890.627
1987	95.900.000	172.087.509	47.615.188
1986	26.600.000	103.275.733	44.798.279
1985	51.000.000	61.313.955	54.167.947
1984	100.600.000	42.163.229	34.597.073
Total	1.393.615.000	1.451.163.317	399.966.189

Source: IMF.

Jamaica has borrowed 1,3 billion SDRs from 1984 to 2014 and has repaid 1,4 b SDRs. Interest Paid sums up to 399 m SDRs.

3.1.9 DR Congo

Table 12. DR Congo transactions with the fund from May 01, 1984 to March 31, 2014 in SDRs

Year	Total Disbursements	Total Repayments	Total Charges/Interest Paid
2011	98.986.000	0	0
2010	49.493.000	349.872.758	55.912
2009	182.743.000	97.343.334	2.471.537
2008	0	86.666.667	2.447.359
2007	0	42.000.000	2.749.969
2006	0	0	2.759.750
2005	26.700.000	0	2.658.901
2004	53.400.000	0	2.530.242
2003	53.366.666	0	2.254.591
2002	420.000.000	300.018.492	86.899.673
2001	0	0	214.372
2000	0	10.123	35.32
1999	0	686.156	1.315.573
1998	0	548.591	225.086
1997	0	0	51.965
1996	0	25.106.430	3.682.104
1995	0	900.88	10.602.800
1994	0	3.035.880	782.752
1992	0	0	5.580.151
1991	0	35.967.321	7.419.969
1990	0	111.915.542	27.984.473
1989	162.300.000	268.181.821	37.706.341
1988	0	97.188.009	37.057.908
1987	128.000.000	146.411.658	42.350.357
1986	80.600.000	116.033.854	48.788.461
1985	169.000.000	122.344.487	49.674.478
1984	80.000.000	46.433.560	27.913.272
Total	1.504.588.666	1.849.764.683	406.177.996

Source: IMF.

The Democratic Republic of Congo has borrowed 1,5 billion SDRs from 1984 to 2014 and has repaid 1,8 b SDRs. Interest Paid sums up to 406 m SDRs.

3.2 Selected Countries: Social Indicators

The Social Indicators that will be examined for the 9 sample countries are related to health, education, employment, income inequality and poverty. In specific they are the following:

- **Poverty:** Per cent of population below poverty line
- **Unemployment:** Unemployment rate
- **Income inequality:** Income share held by highest 10%, Gini Coefficient
- **Health:** Life expectancy, Health expenditure per capita (current US$), Infant mortality rate per 1000 births
- **Education**: Public spending on education, total (% of GDP), Education spending per capita in US $

The data were gathered from a variety of sources, as the WorldBank, the United Nations, Eurostat, various national agencies etc. Data presented refer to the latest available year. Data about the United States will be mentioned also in the tables, in order to act as measure of comparison with the country with the highest number of IMF quotas and voting power.

3.2.1 Poverty

Table 13. Social indicator category: poverty, variable: population below poverty Line

Country	Per Cent of Population below Poverty Line	Year	Information about variable	Source
Honduras	60	2010	Population living below national poverty line (%)	World Bank
Georgia	24.7	2009		World Bank
Greece	27	2010		Eurostat
Liberia	63.8	2007		World Bank
Romania	21.1	2010		CIA estimate
Ghana	28.5	2006		World Bank
Bangladesh	26	2010		World Bank
Jamaica	20	2014		Planning Institute of Jamaica
DR Congo	71.3	2006		World bank
United States	15	2011		US Census Bureau

The per cent of population living below the national poverty line ranges from 15% in the US (2011) to 71,3% in DR Congo (2007). From the countries that have borrowed funds from IMF, Jamaica has the lowest value (20%).

3.2.2 Unemployment

Table 14. Social indicator category: unemployment, variable: unemployment rate

Country	Unemployment rate	Year	Information about variable	Source
Honduras	4,8	2012	Unemployment, total (% of total labor force) (modeled ILO estimate except Greece). Unemployment refers to the share of the labor force that is without work but available for and seeking employment.	World bank
Georgia	15	2012		
Greece	24,2	2012		Greek Labour Force Organization
Liberia	3,7	2012		Worldbank
Romania	7	2012		
Ghana	3,5	2012		
Bangladesh	4,5	2012		
Jamaica	13,6	2012		
DR Congo	7,17	2012		
United States	8,1	2012		Bureau of Labor Statistics

Unemployment rate ranges from 3,7% in Liberia, to 24,2% in Greece. It is strange that both Honduras and Liberia, the countries where 60% of the population lives below the national poverty line, present low levels of unemployment, and this has to be attributed either to wrong national statistical measurement methods or the fact that people work for meagre wages.

3.2.3 Income Inequality

Table 15. Social indicator category: income inequality, variable: income share held by highest 10%

Country	Income share held by highest 10%	Year	Information about variable	Source
Honduras	42,4	2009	Percentage share of income or consumption is the share that accrues to subgroups of population indicated by deciles or quintiles.	World Bank
Georgia	31,3	2010		
Greece	26,4	2000		
Liberia	30,1	2007		
Romania	21,4	2011		
Ghana	32,8	2006		
Bangladesh	27	2010		
Jamaica	35,9	2004		

DR Congo	34,7	2010
United States	29,9	2000

The income share held by the richest 10% of the population ranges from 21,4% in Romania (2011), to 42,4% in Honduras (2009). Georgia, Liberia, Ghana, Jamaica and DR Congo present concentration of wealth by the richest 10% of the population of over 30%.

Table 16. Social indicator category: income inequality, variable: gini coefficient

Country	Gini Coefficient	Year	Information about variable	Source
Honduras	57.0	2009	The Gini coefficient measures the inequality among levels of income). A Gini coefficient of zero expresses perfect equality (everyone has the same income) and a Gini coefficient of one (or 100%) expresses maximal inequality among values (one person has all the income)	World bank
Georgia	41.3	2008		
Greece	34.3	2000		
Liberia	38.2	2007		
Romania	30.0	2009		
Ghana	42.8	2006		
Bangladesh	32.1	2010		
Jamaica	45.5	2004		
DR Congo	44.4	2006		
United States	45	2007		

The Gini coeffient in the 9 sample countries varies from 30 in Romania to 57 in Honduras. The Gini coefficient value is 45 for the US. The average value for the 9 countries is 40.8, which means that there is significant income inequality in all the countries of the sample.

3.2.4 Health

Table 17. Social indicator category: health, variable: life expectancy

Country	Life Expectancy	Year	Information about Variable	Source
Honduras	74	2013	Life expectancy equals the average number of years a person born in a given country would live if mortality rates at each age were to remain constant in the future	World Health Organization
Georgia	74,5	2013		
Greece	81	2013		
Liberia	59	2013		
Romania	74	2013		
Ghana	66	2013		
Bangladesh	70	2013		
Jamaica	74,8	2013		
DR Congo	49,5	2013		
United States	79,8	2013		

Life expectancy ranges from 49,5 years in DR Congo, to 81 in Greece. The average life expectancy in the US is 79,8 years of age.

Table 18. Social indicator category: health, variable: health expenditure per capita (current US$)

Country	Health expenditure per capita (current US$)	Year	Information about variable	Source
Honduras	195	2012	Total health expenditure is the sum of public and private health expenditures as a ratio of total population. It covers the provision of health services, family planning activities, nutrition activities, and emergency aid.	World Bank
Georgia	333	2012		
Greece	2.044	2012		
Liberia	65	2012		
Romania	420	2012		
Ghana	83	2012		
Bangladesh	26	2012		

Jamaica	318	2012
DR Congo	15	2012
United States	8.895	2012

Health expenditure per capita in US $ ranges from only 15$ per year per person in DR Congo to 2.044 $ in Greece. The health expenditure per capita in the US is much higher than all countries that of the sample that have borrowed funds form IMF, and equals 8.895$.

Table 19. Social indicator category: health, variable: infant mortality rate per 1000 births

Country	Infant Mortality Rate per 1000 births	Year	Information about variable	Source
Honduras	19	2012	Infant mortality rate is the number of infants dying before reaching one year of age, per 1,000 live births in a given year.	WorldBank
Georgia	18	2012		
Greece	4	2012		
Liberia	56	2012		
Romania	11	2012		
Ghana	49	2012		
Bangladesh	33	2012		
Jamaica	14	2012		
DR Congo	100	2012		
United States	6	2012		

Infant Mortality Rates per 1.000 births vary significantly between the sample. The highest mortality rate is met in DR Congo (100) and the lowest one in Greece (4). The fact that 1 out of 10 children in DR Congo will die before reaching 1 year of age is shocking, especially if we keep in mind that the country has a population over 75 million.

3.2.5 Education

Table 20. Social indicator category: education, variable: public spending on education, total (% of GDP)

Country	Public spending on education, total (% of GDP)	Year	Information about Variable	Source
Honduras	3,6	1995	Public expenditure on education as % of GDP is the total public expenditure (current and capital) on education expressed as a percentage of the Gross Domestic Product (GDP) in a given year.	WorldBank
Georgia	2	2012		
Greece	4,1	2013		
Liberia	2,8	2012		
Romania	4,2	2009		
Ghana	8,1	2011		
Bangladesh	2,2	2009		
Jamaica	6,1	2012		
DR Congo	2,5	2010		
United States	5,4	2010		

Total public spending on education of % GDP ranges from 2,2% in Bangladesh (2009) to 8,1% in Ghana (2009). However it is known that Ghana has very important educational problems, and the % of GDP is not equally distributed across the country (Exandas, 2013). In Ghana there are areas that are lacking both schools and teachers.

Education spending per capita in US $ in the 9 sample countries that have borrowed funds form IMF ranges from only 6,55$ per year per capita in DR Congo, to 920,6$ in Greece. The value for the US is 2.794,4$, which means that there is a very significant difference in education spending.

Table 21. Social indicator category: education, variable: education spending per capita in US $

Country	Education spending per capita in US $	Year	Information about variable	Source
Honduras	83,62	1995	As values for education spending per capita where not available from any data source, the values were approximated as follows: The values of GDP per capital in US$ for each corresponding year was multiplied by the percentage of GDP spent for education in the same year.	WorldBank
Georgia	70,13	2012		
Greece	920,69	2013		
Liberia	11,59	2012		
Romania	338,90	2009		
Ghana	129,12	2011		
Bangladesh	13,15	2009		
Jamaica	332,39	2012		
DR Congo	6,55	2010		
United States	2.794,45	2010		

4. Discussion

The research has given some interesting results on the topic in question. Countries that have borrowed funds from the IMF, seem to have a variety of important social problems, as the following:

- Poverty: in all countries of the sample a large part of the population lives below the national poverty line, ranging from 20%in Jamaica to 63,8% in Liberia.
- Unemployment: Unemployment rates are relatively low in the 6 out of the 9 countries of the sample. In Greece, which is the newest IMF borrower, unemployment has skyrocketed to 24,7% in 2012 (reaching 27,2% in 2013). It is also worth noting that in 2 of the countries with low unemployment rates, Honduras and Liberia, 60% of the population lives below the national poverty line.
- Income inequality: The income share held by the richest 10% of the population in 5 countries of the sample (Georgia, Liberia, Ghana, Jamaica and DR Congo) is over 30%, and in Honduras is 40%. The Gini Coefficient average value for the 9 countries is 40.8, which means that there is significant income inequality in all the countries of the sample.
- Health: Average life expectancy in DR Congo and Liberia is only 49 and 59 years respectively. In these two countries Infant Mortality Rate per 1000 births is 100 and 56 respectively. In Ghana this value is 49 and in Bangladesh 33. Health expenditure per capita, with the exception of Greece, varies between 15$ and 420$. On the contrary in the US this figure is 8.898$ per capita.
- Education: With the exception of Ghana, Jamaica and the US, public spending on education as % of GDP is low in the other countries of the sample. However in Ghana there valid allegations that this budget is not dispersed equally across the country (Exandas, 2013). Regarding education spending per capita in US $ the values vary from only 6 dollars per year per capita in DR Congo, to 920$ in Greece. The value for the US is 2.794$.

One could easily claim that the IMF is neither responsible nor the root of these problems. The authors would tend to agree with this statement if there wasn't the issue of **conditionality** imposed by the IMF. IMF loan conditions include: privatizations of national industries, companies and assets, lands and resources, budget decreases for education, health and social protection expenses, firing civil employees like doctors, nurses and teachers (as it presently happens in Greece), cutting off wages, increases in taxes and various other measures which **do not in any case** assist in its proclaimed goals of resolving crises, promoting growth and alleviating poverty.

Regarding the IMF's other major goal, of "*ensuring the stability of the international monetary and financial system*", again the IMF, according to the view of the authors, is far from achieving its goals. Table 22 presents the top 10 countries by GDP and their government debt as % of their GDP.

Table 22. Top 10 countries by GDP and their government debt as % of GDP

No	Country/Region	Nominal GDP (Millions of US$) (2012)	Source	Government Debt as % of GDP (2012)	Source
1	European Union	17,371,618	IMF	85,2%	Eurostat
2	United States	16,799,700		99,4%	IMF
3	China	9,181,377		28,7%	PRC Min. of Finance
4	Japan	4,901,532		211,7%	Japan Min. of Finance

5	Germany	3,635,959	88.3%	Eurostat
6	France	2,737,361	90,6%	Eurostat
7	United Kingdom	2,535,761	89,1%	Eurostat
8	Brazil	2,242,854	54,2%	Banco Central Do Brazil
9	Russia	2,118,006	11,7%	Russian Federal State Statistics Service
10	Italy	2,071,955	127%	Eurostat

With the exception of Russia and China, all other countries and unions have huge amounts of debt. As their debt rises through the years, the world economic system is risking to collapse if one of them will not be able, in some point in time, to repay its debts. Taking also under consideration the fact that the stability of the dollar has began to topple, after years of borrowing and the two latest stimulus packages injected to the US economy in 2008 (700b$) and 2009 (787b$), one cannot escape wondering what will happen when interest rates start to rise and the heavily indebted countries start to struggle to repay their loans.

As a result, during the years the IMF has received various criticisms about its existence and effectiveness. Some of the most important are the following:

- IMF works on the incorrect assumption that all payments disequilibria are caused domestically (ODI, 1980). The Group of 24 (G-24), on behalf of Less Developed Countries members, and the United Nations Conference on Trade and Development (UNCTAD) complained that the Fund did not distinguish sufficiently between disequilibria with predominantly external as opposed to internal causes. This criticism was voiced in the aftermath of the 1973 oil crisis. Then LDCs found themselves with payments deficits due to adverse changes in their terms of trade, with the Fund prescribing stabilization programmes similar to those suggested for deficits caused by government over-spending.
- Argentina, which had been considered by the IMF to be a model country in its compliance to policy proposals by the IMF and World Bank, experienced a catastrophic economic crisis in 2001. IMF-induced budget restrictions in crucial areas such as health, education, and security, and privatization of strategically vital national resources, contributed in the crisis.
- The IMF has little to no communication with other international organizations such as UN specialist agencies like UNICEF, the Food and Agriculture Organization (FAO), and the United Nations Development Program (UNDP) (Sachs, 2005).
- Almost all the countries were repeat borrowers from the IMF, suggesting that the IMF is propping up governments with unsustainable debt levels, not lending for temporary balance of payments problems (Griffiths & Todoulos, 2014).
- The IMF has cooperated with dictators (in Chile, Brazil, Indonesia etc)

Oxfam International has blamed the IMF that *"despite numerous commitments to reform, The World Bank and the IMF are still using their aid to make developing countries implement inappropriate economic policies, with the tacit approval of rich-country governments"* (2006, p. 1).

5. Conclusions

Upon initial formation, the IMF had two primary functions: to oversee the fixed exchange rate arrangements between countries and to provide short-term capital to aid balance-of-payments. This assistance was meant to prevent the spread of international economic crises. The IMF's role was fundamentally altered after the floating exchange rates post 1971. It shifted to surveilling the world monetary and financial system and offering loans attached to specific macroeconomic policies to member countries in need.

This research used a sample of 9 countries across the world that have borrowed funds from IMF and followed IMF policies (out of the 37 countries that have active loans), in order to examine the course of social indicators in them. The results showed the existence of a large and varying number of social problems. For example, Greece is faced with high poverty rate, income inequality and unemployment. DR Congo is faced with poverty, income inequality, low life expectancy, high infant mortality rate and very low expenses per capita for health and education. Bangladesh is faced with high poverty rate and very low expenses per capita for health and education. Georgia is faced with high poverty and unemployment rate, income distribution inequality and low health and education expenditures. Romania is faced with poverty for 20% of the population and low health and education expenditures. Ghana is faced with high poverty rate (27%), income inequality, low life expectancy, high infant mortality rates and low health and education expenditures. In Liberia 63% of the population lives below the national poverty line, and other social problems include low life expectancy (59 years of age), and low health and education expenditures. Jamaica is faced with poverty (20%), unemployment, income inequality and low health and education expenditures. Finally Honduras is faced with poverty for 60% of the population, high income inequality and low health and education expenditures.

One could easily claim that the IMF is neither responsible nor the root of these problems. And the authors would tend to agree with this statement if there wasn't the issue of conditionality. Most IMF loans are attached with the obligation to follow specific policies and conditions, most of which affect negatively social indicators.

According to the view of the authors, it is necessary for the IMF participating countries to examine from the beginning why the IMF exists, which are its goals, how it is managed, which methods it uses are and how effective it is in achieving its goals.

References

Atkinson, T., Cantillion, B., Marlier, E., & Nolan, B. (2002). *Social Indicators: The EU and Social Inclusion.* Oxford: Oxford University Press. http://dx.doi.org/10.1093/0199253498.001.0001

Banco Central Do Brazil. (2014). *Debt as Per Cent of GDP*. Retrieved from http://www.tradingeconomics.com

Bauer, R. A. (1966). *Social indicators.* Cambridge: MIT Press.

CIA. (2014). *The World Factbook.* Retrieved from https://www.cia.gov

Center for Economic and Policy Research. (2013). *Macroeconomic Policy Advice and the Article IV Consultations: A European Union Case Study*. Retrieved from http://www.cepr.net/documents/publications/article-IV-2013-01.pdf, p.5

Eurostat. (2014). *Structural Statistics Database.* Retrieved from http://epp.eurostat.ec.europa.eu

Exandas. (2013). *People and Numbers*. [Documentary] Retrieved from http://www.exandasdocumentaries.com

Greek Organization for Labor Force Employment. (2014). *Unemployment Rate.* Retrieved from http://www.oaed.gr

Griffiths, J., & Todoulos, K. (2014). C*onditionally yours: An analysis of the policy conditions attached to IMF loans*. European Network on Debt and Development (Eurodad).

Japan Ministry of Finance. (2014). *National Debt.* Retrieved from http://www.tradingeconomics.com

International Monetary Fund. (2014). Retrieved from http://www.imf.org

Munevar, D., & Toussaint, E. (2013). *The Debt of Developing Countries: The Devastating Impacts of IMF-World Bank "Economic Medicine".* Global Research. Retrieved from http://www.globalresearch.ca

OECD. (1976). *Measuring Social Well-Being: A Progress Report on the Development of Social Indicators.* Paris: OECD.

OECD. (2014). *Society at a Glance.* Paris: OECD. http://dx.doi.org/10.1787/soc_glance-2014-en

Overseas Development Institute. (1980). *The IMF and the Third World.* Retrieved from http://www.odi.org.uk/publications/5379-imf-ldcs

Oxfam. (2006). *Kicking the Habit.* Oxfam Briefing Paper.

Planning Institute of Jamaica. (2014). *Poverty Statistics.* Retrieved from http://www.pioj.gov.jm

Peoples' Republic of China Ministry of Finance. (2014). *National Debt Data.* Retrieved from http://www.tradingeconomics.com

Russian Federal State Statistics Service. (2014). *National Debt Data.* Retrieved from http://www.tradingeconomics.com

Sachs, J. (2005). *The End of Poverty.* New York: The Penguin Press.

Shah, A. (2013) *Structural Adjustment—a Major Cause of Poverty.* Global Issues. Retrieved from http://www.globalissues.org/article/3/structural-adjustment-a-major-cause-of-poverty

US Census Bureau. (2014). Retrieved from https://www.census.gov

US Bureau of Labor Statistics. (2014). Retrieved from http://from www.bls.gov

World Bank Group. (2014). *Data and Statistics.* Retrieved from http://www.worldbank.org

Wikipedia. (2014). Retrieved from http://en.wikipedia.org

World Health Organization. (2014). *Data and Statistics.* Retrieved from http://www.who.int