

IMF bailout: Roads to Stability or recipes of disaster

Outline:

① Introduction

Thesis statement: IMF bailout programs provide financial assistance which helps to reduce economic crisis of a country. The multiple tranches of the bailout provides stability to an economy. However, the hidden demands attached to the program and debt trap prove to be the recipes of disaster.

2. How IMF bailouts can bring stability or become recipes of disaster

3. Why IMF bailout brings stability

a. Increases depleting foreign exchange reserves.

b. Overcomes economic crisis

c. Improves the obsolete policies of a country

d. Diminishes political chaos in a country

e. friendly countries follow up and give loans and grants

4. How it is more of a disaster than means of stability

a. The continuous increase in reserves by a bailout results in a debt trap

b. ~~Overcome~~^{defeated} economic crisis is a result of harsh policies

c. The new policies and reforms become a burden on poor

d. Political crisis are curtailed temporarily

e. The loans and grants have hidden strategic motives

5. IMF bailouts have provided far more stability than its disadvantages

a. Saving from Bankruptcy is far more significant than a debt trap

b. The policies can be change once economic crisis is averted

c. The burden is short term and reaps future benefits

d. The temporary peace is better than nothing

e. The hidden motives can be disclosed before accepting loans and grants

6. Conclusion

Introduction:

"The International Monetary fund and other multilateral institutions do not appear to have prevented bankruptcy of many developing countries" - Steve Munchin. This shows that the IMt is set up to deal with liquidity crisis. The bailout programs provide financial assistance which helps to reduce economic crisis of a country. The multiple tranches of the bailout provides stability to an economy. However, the hidden demands attached to the program and debt trap prove to be the recipes of disaster. The IMt programs gives stability to countries that are suffering, as it increases depleting foreign exchange reserves. The conditions attached to the bailout programs improves the obsolete policies of a country. When the assistance arrives it reduces the political chaos in the country. Once

the country's program is in line with the IMF, the friendly countries follow up and also issue loans and grants. However, sometimes the bailout program also serves as a recipe for disaster as the continuous increase in reserves by a bailout results in a debt trap. The defeated economic crisis is a result of harsh policies set up by the government which becomes a burden on the poor. However, the IMF bailout provides far more benefits than serving as a recipe for disaster.

Crunch Paragraph

The International Monetary Fund provides financial assistance to developed and developing countries suffering from economic crisis or depleting foreign exchange reserves. On one hand, the bailout programs provide stability in an

economy, as financial reserves are increased, which saves a country from bankruptcy and that money can be used to pay creditors or used some other way. Currently, Pakistan is on the 23rd agreement with the IMF. On the other hand, the bailout programs can serve as a recipe of disaster because continuous borrowing makes a government of a country stubborn to change or save itself without the help of IMF. And, also the continuous borrowing also results in a debt trap and to overcome that more loans are taken.