

IMF bailouts: roads to stability or recipes for disasters

Outline

1- Introduction

Thesis Statement: The IMF bailouts are that short-term remedy which gives birth to a chronic diseases of debt-trap and permanent rent-seeking economy. Therefore, the IMF bailouts are recipes for disaster.

2- Decoding the aims and objectives of the IMF

3- How are the IMF bailouts ~~and~~ recipes for disaster

- a. The IMF bailouts make the loan-seeking states bound to ^{follow the} economic policies of the IMF
- b. They are neo-imperialistic tools for contributors of the IMF to exploit the states
- c. They paralyze the economic system of the country by increasing tax burden and inflation
- d. They give death blow to human developed sectors by reducing its budget and subsidy

e- IMF bailouts: a quagmire of capitalism which serve only elite class.

f- The false hope of the IMF bailouts makes the countries permanent dependent on external aid

g- The IMF bailouts pave the way for developed economies to exploit and violate sovereignty of the states

h- The strict policies of the IMF drag the states from macro-economy to micro-economy

i- Stubborn IMF structural adjustment policy hampers the economic growth of loan-seeking states

4- Case Studies which substantiate that the IMF bailouts are recipes for disasters

a). Death blow to major cotton sector of Mali after receiving IMF bailouts

b). Each new government of Pakistan is unable to run its wheels owing to be permanent client of the IMF.

5- Modus operandi to turn the IMF bailouts into a road to stability

a). Reforming the policies of the IMF

as per the capabilities of loan-seeking states

- b). Making the IMF bound to provide economic liberation
- c). Discouraging the neo-colonial approach of the IMF
- d). Promoting macro-economy instead of tax-adjustment policy of the IMF.

6- Conclusion

In the history of IMF bailouts, no country, except Türkiye, has become self-reliant after seeking the bailout package. It reveals that the IMF bailouts are recipes for disaster. The objective of establishment of the International Monetary Fund (IMF) is to provide financial assistance to the states. However, the policies of the IMF are falling short from the perspective of bailouts. The IMF bailouts are working as tool of ^{neo-}imperialism and exploitation of loan-seeking states. Moreover, they are serving to elite class by encouraging capitalism and discouraging human development sectors. Similarly, the false hope of IMF bailouts divert the focus of loan-seeking states from macro-economy to micro-economy. Apart from it, they also hamper economic growth of the states under the umbrella of structural adjustment of the IMF. Therefore, they reduce the breathing space of loan-seeking states. To turn IMF bailouts a road to stability, the IMF needs to ensure policy of economic liberation, and adopt different

lenses for developing, and under-developing states. In short → the IMF bailouts are recipes for disaster because they make the states permanent dependent on external loans.

To conclude, the IMF bailouts are pushing the loan-seeking states into the quagmire of debt-trap permanently. They are giving birth to looming shadow of threat to sovereignty of loan-seeking states. In the same of same vein, they also serve to elite class of loan-seeking states because they are unable to be blessing for the poor citizens. The reason is that they hamper human development sector, increase burden of tax and inflation in the states. Though the IMF is branchchild of democratic states, it is undemocratic in nature. The famous Portuguese writer, **Jose Saramago**, also says:

"The world is governed by non-democratic institution: the IMF, World Bank and World Trade Organization." It reveals that they are promoting undemocratic values among the states in the form of supporting to the selected leadership of any country because they provide bailout packages, even to dictators and monarchs. In contrast, the IMF bailouts can be turned into road to stability by re-structuring the policies of IMF to serve the layman instead of elites. In this way, the bailout package can prove to be blessing for the loon-seeking states.