

# Topic: IMF-dependent economy as challenge to national sovereignty.

Outline:

## 1. Introduction

Thesis Statement: The economic dependency on the IMF is a challenge to national sovereignty of the country. When a country borrows money from the IMF, it is bound to follow all of its conditions. Some of these conditions might affect the country's ability to govern itself. However by making smart decisions, national sovereignty can be protected.

## 2. Relation between economically dependent on the IMF and national sovereignty

## 3. Causes of a country's economic dependence on the IMF

- a. Poor fiscal policies lead to economic instability, promote country to rely on IMF for stabilization
- b. Balance of payment crisis results in loss of official reserves, then country seeks IMF assistance
- c. Poor social services lead to economic weakness, make IMF assistance necessary for reforms
- d. Natural disasters force country to depend on IMF for recovery
- e. Political instability create economic challenges which force country to rely on IMF
- f. Global economic shocks lead country



to seek IMF assistance

4. How is economic dependency on the IMF a challenge to the national sovereignty of the country

- a. The country's global image suffers due to high debt
- b. Decreasing investors confidence due to IMF loan have profound implications on national sovereignty
- c. Reduced diplomatic influence due to IMF loan impacts national sovereignty
- d. IMF requires institutional reforms which as imposition on national sovereignty
- e. IMF's control over the prices of essential goods raises significant concerns about national sovereignty
- f. Severe measures and spending cuts often cause protest which undermine govt's legitimacy
- g. IMF dependency leading to decreases country's currency that impacts its sovereignty

5. Ways to reduce economic dependence of any country on IMF

- a. By implementing sound fiscal policies reduce the need for IMF assistance
- b. By enhancing domestic revenue collection help to reduce the need for external finance
- c. By increasing trade opportunities economy of country grows



d. Produce opportunities for foreign  
direct investment to boost the economy  
of country

6. Conclusion