

"IMF-DEPENDENT ECONOMY AS A CHALLENGE TO NATIONAL SOVEREIGNTY"

1- Introduction

Thesis statement: Reliance on IMF to boost the economy poses threat to the national sovereignty of a country. It jeopardizes the decision-making process of a country in terms of development and sustainability.

2- Correlation between IMF-led economy and national sovereignty.

3- Why do countries become prey to IMF?

- i- Chronic financial challenges.
- ii- International price hike of hydrocarbons and commodities.
- iii) Flawed policies
- iv. Combating social evils (corruption, Terrorism, internal divide).

4- How IMF-dependent economy becomes a challenge to the national sovereignty?

- i. It hinders the decision-making process of a country.
- ii. Increases the debt burden.
- iii. Decreases spending on social development of countries (example of HDI of any IMF-controlled economy).
- iv. Strict conditionalities for bailouts everytime.
- v. IMF's influence on domestic policies.
- vi. Repercussions on development in social sectors (healthcare, education).
- vii. Exerts pressure on nations to halt developmental projects.
- viii. Undermines the international relations of a country with other nations.

5. Recommendations to avoid excessive reliance on IMF: ~~to safeguard~~

- i. Enhancing efficiency and fairness in tax collection.
- ii. Diversifying economy and exports through high growth sectors.
- iii. Attracting domestic and foreign investments to incentivize long term economic growth.
- iv. Building strategic ties with

international organizations and developed countries.

v. Enhancing accountability in public financial and policy decisions.

6. Conclusion

In this day and age, nations have rested their trust on the shoulders of institutions involved in minting money. In return, the nations themselves remain empty-handed.

Present age of globalization and liberalization has made the nations familiarize with multiple organizations and institutions that serve the purpose of collective economic security. International Monetary Fund (IMF) is one such organization. This institution is involved in helping the nations to achieve economic stability by providing loans and grants. Many countries in the world, due to their flawed economic policies or financial challenges, fall prey to IMF. This organization, however, has become a challenge to the national sovereignty at present. This is due to the procedural mechanisms and

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stringent conditionalities of the fund. It holds influence on the domestic policies of the nations, undermining the international relations of a country with other nations. The countries have to take into consideration, the policies and conditions for their bailout packages, while framing their domestic policies. This hinders their authority over autonomous decision making. Thus, nations across the world need to avoid excessive reliance on IMF by enhancing their tax collection mechanisms and building friendly relations with other nations. In a nutshell, reliance on IMF to boost the economy poses threat to the national sovereignty of a country. It jeopardizes the decision-making process of a country in terms of development and sustainability.

Conclusion.

To sum it up, the dependency on IMF to lead the economy of a country is a perilous task. It threatens the national sovereignty of a country by influencing the domestic policies, hindering the growth and sustainability. The institution, by no offense, provides a support to the ailing economies of the countries by providing loans and grants. However, the fund has been overwhelmingly criticized for its strong influence in the socio-economic and political sphere of the member countries.

IMF hinders the decision-making process of nations. It exerts a strong pressure regarding the developmental projects and their functioning in a country. This impedes the growth process in a country; it thus undermines their ability of independent survival and develop.

ment Therefore, the member nations need to ~~pro~~ diversify their economic growth by enhancing exports and establishing relations with other nations. This can pave way for their development and improve the status of their national sovereignty as well.

