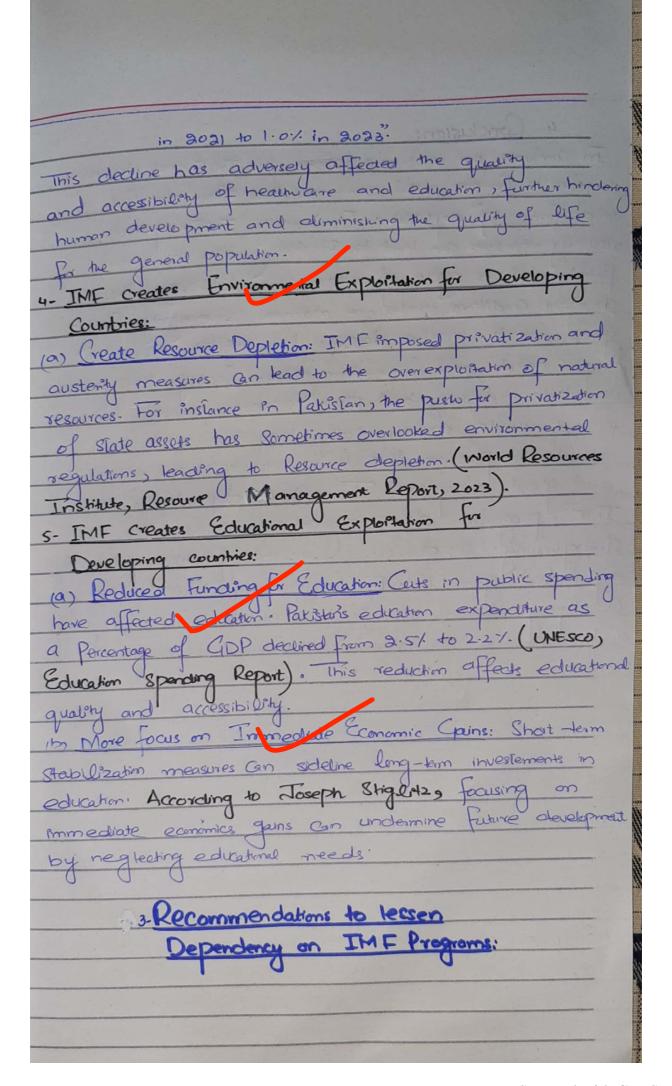


Spending on crucial services and increasing public det. Politically pressure to comply with IMF conditions can undermine neutronal sovereignly and lead to companisos that may not align with long-term interests. Socially, the impacts are stark. reduced spending on health, education and Social services can widen inequalities and lincrease poverly. Environmentally, the push for economic liberalization can lead to resource depletion and weakened regulations, furthe comprish the Datu to sustainable essential for developing countries to focus or generation, promoting enou-led (discipline) maintaining field nvariment and developing human capital. a- Arguments in Favour of Statement: "IMF is tool of developed Countries to be used for exploitation of developing countries" 1- IMF creates Economic Exploitation or developing countries: (a) IMF agreements: Harsh Conditionalities: The TMF often provides looms to developing countries with Stringent Conditions attached. These Conditions reducing government spending, eliminating subsidies, and Public genvices. James Vreeland in "The IME and economic development, argues that such conditions can significantly hinder economic growth. The austerity measures required by the IMF can lead to reduce of public investment in critical oreas euch as infrastructure and education, which are essential for long-term economic \* Example: The 2019 bailout package required Pakistar development.

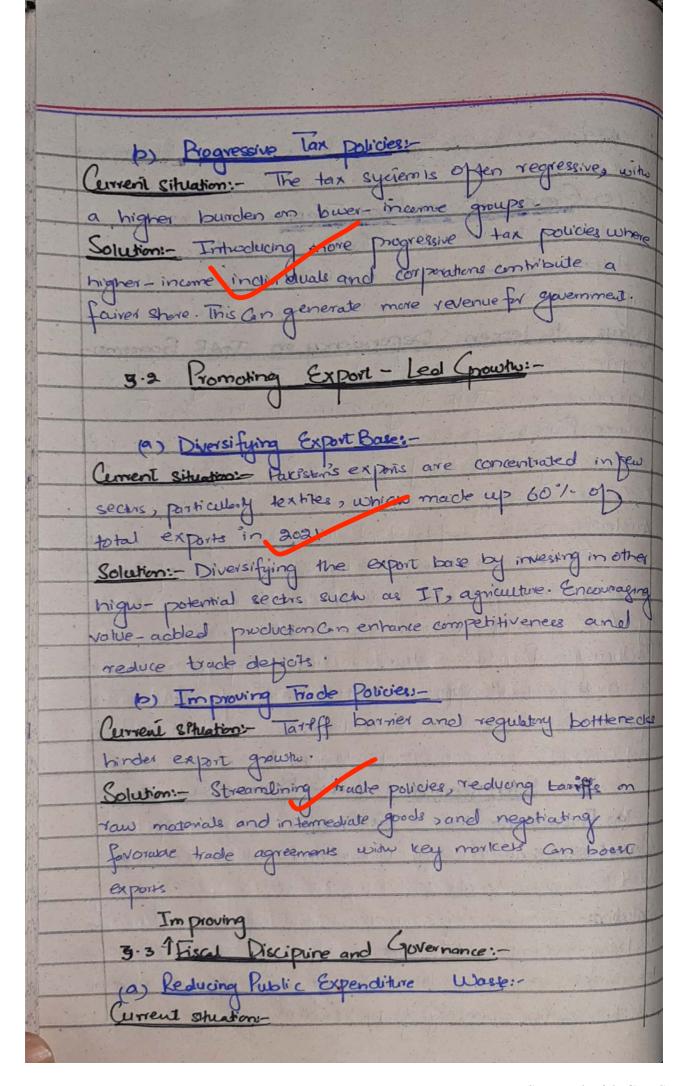
austerly measures, including reducing Subsic These Conclitions Stab. lad also led to increased and Services According to a Troper International Crisis Group (2020) These austenty measures have Shired economic growth and exacerbated the ecomomic faced by ordinary , contributing to a cycle Servicing: Developing countries are o debt in their loans, which consum these resources, william Easterly e. Debt, Development, and Democracy" illustrates how national loudgets are diverted to payo loans. Easterly's analysis shows that high det economic growth and perpetuale funds that could be used for development consumed by debt obligations. Yakistan's debt servicing remains burden. In fiscal year 2024, debt servicing coss total tederal revenue; to the Ministry 0tinance. ded burden limits Capacity intrastructure and social Programs Der Detuating dependency

2- IMF creates Political Exploitation for Developing Countries: a) Frosion of Sovereignty: The IMP's policy conditions require cleveloping countries to implement significant economic that an undermine their political and economic sovereignty Mark Blyth, in e The Int and the Politics of Austerity in the wake of the Global Financial Crisis", orgues that such interventions force countries to align their economic policies with the preference of international financial Postitutions values than their own national Phlerests. \* Example: The IMF has required Pakistan to implement policies Such as prevatizing state-owned enterprises and reducing public Mark Blyth argues that such polices can Sector employment. force countries to align their economic policies with the interest of international inactal inetitutions rather than national priorities This loss of policy autonomy can lead to decisions that may not align with the alesines of the Pakistani populace, affecting national development Strategies and political stability. IMF tolicies can sometimes (b) Undermining National Interests: conflict with the national interests of developing countries, leading to public discontent, increased poverty, and unemployment. Richard Peet, in " The IMF and the Thind invold", describes that the requirement to cut public spending and implement market Opperatization an lead to increased unemployment and Social unrest. But these outcomes not only harm the local population, but also destabilize the political land scape, making it difficult for developing countries to pursue posicies that are in their best interest Example: During regent IMI program, Pakietan forced significant Subsidies backlash due to the removal of created and the imposition of new taxes. This situation balance blitical ditemma, where the government had to

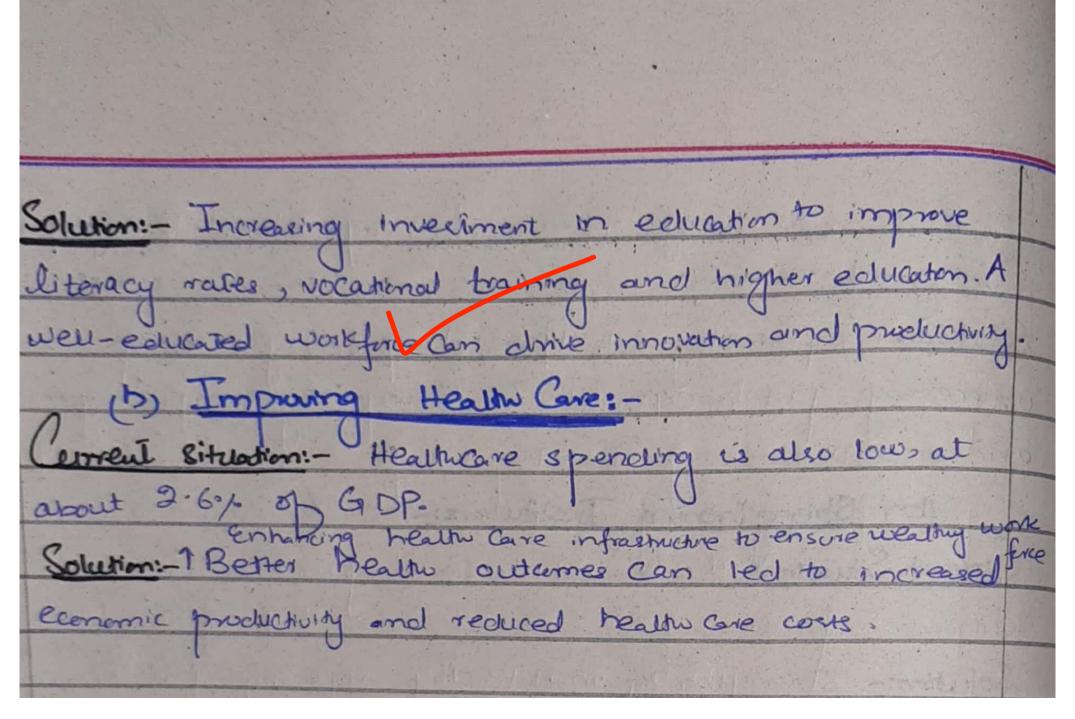
the demands of the This with the need to maintain Public support, leading to strained relations between the government and its citizens. 3- IMF creates social Exploitation Countries: ia) Increased Doverty and Inequality: IMI policies, such as atting subsidies and privatization disproportionally importantely importantely the poor and vulnerable sectors of society. This can lead to higher poverly rates and exacerbate social inequality, as the between rich and poor widens. Mork Blytw, in "Austority: The History of a Dongerous Ide", discusses how austerity measures can exacerbate poverty and inequality. By reducing government spending on social services, these gap between the nich and the poor, as the wealthiest individuals are less affected by cuts to public services-According to the Asian Development Banks Ver Poverty rates increased from 21.9% in 2020 to 24.3% in 2022 in Pakistan? The reduction in subsidies has led to higher prices to essential goods, dis proportionately affecting lower - income households and increasing social inequality. (b) Led to reductions in Basic Services: As a restud of ITMFimposed austerity measure, governments may reduce spending on essential services like health care, education and social welfare. This reduction can diminist the quality of life for the general population and hinder Dong-term human development. According to Pakiston Economic Survey 2023 reports: A reduction in Education and health expenditures, with health Spending falling from 1.1% of SIDP



Despite these improvements due to IMI programs, the dependency on IMF Brograms has ets downsides. For instance Paloistains public dobt as a Percentage of GDP remains high, vising from 67.6% in 2018 to over 85% in 2021. Austerity measures often lead to reduced public spending on headen and education, which fell from 2-6% of GDP in 2008 to around 2 % in 2010 during the stand by Arrangements Period. Reducing Pabistan's reliance on IMF programs requires a multifaceted approach that addresses the root causes of its economic vulnercubilities. Here are several strategies that can help lessen this dependency: 3.1 Strengthening Donnessic Kevenue Generation: (a) Broadening the Tax Base: -Current Situation: - Pakistan's tax to GDP ratio is low around 12.4% compared to other developing countries. Solution: - Implementing comprehensive tax referms to widen the tax base and improve tax collection efficiency. This includes reducing tax evasion, expanding tax net coverage to include the informal sective and simplifying tax procedures.



Public sector inefficiencies and corruptiontead to significant Solution: - Implementing Strict is caldiscipline by curbing unnecessary public expenditure and impraining transportery and accountable in government spending 16) Strengthening Institutions. Current Situation! Weak institutions and governance issues under economic reforms. Solution: - Strangthening institutions by improving governance Structures, enhacing the rule of law, and ensuring political Stability 3.4 Encouraging Fireign Direct Investments-19 Improving Business Environment: Current struction: - Palcistan rank relatively low in the Ease of Doing Business Index, standing at 108th in 2020. Solution: - Creating a more favorable business environment by Simplifying regulatory procedures, and reducing bureaucratic red tape. This can actual more FDI and create jobs: (b) offering Incentives: Current structions - Competitive incentives for foreign investors are limited Solution: - Rouiding tax incentives, subsidies and other benefits to attract foreign investors in key seepers such as Teenhology 3.5 Developing Human Capital:-Investing in Education:-Current situation: Pakskin's expenditure on colucation is around 2.94. of GDP, which is low compared to regional standards.



4- Conclusion:
In Conclusion, the relationship between the ImF and developing
Countries is Fraugus with challenges that often marifest in
various forms of exploitation. Economically, InF-imposed
austerity measures can lead to Sturted growth, increased
Povery and a cycle of dependency. Politically, the
Stringent Conditions undermine mational sovereignty, forcing
governments to make decisions that conflict with their
people's needs and long tom goals. Socially, these police
exacerbate in equality and strain essential services like
education while environmentally, they can contribute to
unstistainable practices that have both local communities
and global ecosyciems. To reduce dependency on
IMI programs de elopeng countries must focus en
Strengthing its domestic revenue generation, promoting
exposibled growth etc. By implementing these strategies
developing countries can archieve sustainable economic growth
and reduce its revance on external borrowing.
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