

Topic:- Economic imperialism: Fact or Fiction

Outline

1. Introduction:-

- a) Attention Grabber
- b) GIST
- c) Thesis statement

2. Understanding Economic Imperialism

3. Economic Imperialism is a Fact: (Thesis)

- a) Loss of sovereignty due to dictated policies
- b) Political Instability as government actions are ^{debt} controlled
- c) Results in Death Cycle without Improving Underlying Problems
- d) Disconnected from Population
- e) Marginalization of Local Populace
- f) Extraction of Resources
- g) Social Inequalities due to capitalist nature

4. Economic Imperialism is a Fiction: (Anti-Thesis)

- a) Brings Inclusivity in politics by creating Inclusive Economic Institutions
- b) Economic Stability in times of Crisis

- c) Brings Investment which results in Economic Growth
- d) Infrastructure Development results in More Employment
- e) Integration with Economic Powers

5. Economic Imperialism is a More of a Fact rather Fiction: (Synthesis)

- a) ~~Creates~~ Creates Extractive Institutions by Dictating National Policies
- b) Long-term Unsustainability as Free Trade Results in competition for Domestic Industries
- c) Investor demands High rewards from Vulnerable Countries
- d) Infrastructure Development without Monitoring lead to Economic losses
- e) Create Geopolitical Tensions during Conflicts

6. Conclusion

The Essay

During the Cold War, Bretton Woods Agreement laid the foundation of Financial Institutions namely IMF and World Bank. The intention was to manage the

the global economic crisis. Likewise, post-Cold War, a concept of globalization emerges where countries can integrate with each other economically, politically and culturally. However, both economic institutions and globalization came under strict criticism of creating ^{socio-economic} social inequalities between Global North and Global South in recent years. The economic inequalities are viewed as economic imperialism as it results in loss of sovereignty where actions of policymakers are controlled by such institutions. Moreover, financial institutions result in debt trap without improving underlying problems. Furthermore, such inequalities result in marginalization of local populace and extraction of local resources. However, the proponents of these institutions claim that there is no such thing like economic imperialism by arguing that these institutions bring inclusivity, economic stability, increase in investment, and infrastructure development. While having some weight in these ^{factors} arguments, these argument causes more negatives than positives. So, economic

imperialism is true or false, is debatable. The negatives of these institutions weigh more against its positive showing that economic imperialism is a more of a fact.

Imperialism refers to practice by which one country exerts its influence over the other nations, through colonization or economic dominance. Economic imperialism, thus, refers to economic domination of one over the other. The developed countries use ~~such~~ economic institutions such as IMF and World Bank as tool to exert their policies and influence on other. It is commonly known as Global North vs Global South where developed countries dictate global policies politically and economically. Mainly, US and European Union are known as developed while countries in Middle East and Asia are considered developing who are influenced by West.

Economic Imperialism by these developed countries is a fact

in following aspects.

The most significant aspect is loss of sovereignty. By losing its power to exert its own economic policies domestically, nations are bound to be influenced by these economic institutions. Such a loss happens because of dictated policies of these institutions. The rules set by these institutions are pre-requisite for nations when they need help economically. For instance, IMF provides loans to the countries in times of financial susceptibility which comes up with policy prescription of Structural Adjustment Programs. Countries like Pakistan has to follow these programs to acquire ~~big~~ bailout packages. Therefore, such policies are viewed as imperialistic in nature which results in loss of sovereignty.

Another important factor is controlled actions of government. The government comes into power with the help of people's votes

with the promise of socio-economic and political inclusivity in return. However, due to policies of economic institutions people are controlled by the ones who have greater control over these institutions especially Global North. ~~These~~ These economic institutions require financial contributors to provide them loans so they can lend to other countries. The financial contributors then exert their influence indirectly through these institutions viewed as economic dominance. According to Koen De Feyter, in his book Human Rights: Social Justice in the age of markets, in both the IMF and the World Bank, the developed countries, among them particularly the US, dictate policies. Hence, controlled actions of governments of developing nation indirectly by developed nations ~~highlight~~ highlight economic imperialism.

Moving on, loans by these institutions cause debt trap for developing nations. By getting stucked in such

debt cycles, the ability of ~~country~~ nation to grow economically is hampered by getting dependent on these loans. These institutions while providing loans comes up with stringent policies and reforms that are often disconnect with the underlying problems of economic decline of the country. According to Nadeem ul Haque, Vice Chancellor of PIDE, IMF while laying the foundation of structural adjustment program ignores the local research.

The policy of increased tariffs in energy bills is a short-term solution which ignores structural reforms in energy sector such as misgovernance and corruption. Thus, ignoring structural changes hampers growth in long-term and nation remains dependent on new loans.

Moreover, these economic institutions are disconnected from local population. These institutions are closely aligned with the policies of developed countries where the economic conditions are much better than developing countries. Ignoring the needs and

demands of local population showcase imperialistic nature of these institutions.

Besides disconnecting with local populace, economic institutions and especially international corporations marginalize local population. Marginalizing public result in exclusive growth where competition of international corporations win over local firms and companies. International companies before investing demand exclusive rewards and benefits, leveraging vulnerability of developing countries. According to Arundhati Roy in her book *Capitalism: A Ghost Story*, says that corporation creates "gush up" effect which results in concentration of wealth which gave them power over national policies. Hence, marginalization of local population is another form of economic imperialism created by international corporations.

Furthermore, international organizations creates imperialist nature of

by extracting resources. The minerals and resources in developing countries is of vital importance for these institutions due to lack of state capacity to extract those resources. These institutions with sufficient capacity and resources leverage economic condition of those countries and demand large number of return. Most of these institutions belong to developed countries that can exert influence through these companies. According to Naomi Klein, in her book *This Changes Everything* argues, capitalist economic institutions extract minerals, gas, oil from every corner of the world leaving the sites drained and destroyed. These institutions empower fewer elite who benefit on the expense of developing countries declining economies. Therefore, extraction of resources highlights the economic imperialism created by these institutions.

Consequently, capitalist nature of developed countries create huge inequalities in the society. Most of

the developed economies in the world have much better social conditions with regard to developing nations. With the changes in living standard and gap between incomes of Global North and Global South, people of Global South prefer to immigrate to developed countries. For instance, Pakistan stands at 142 out of 146 countries in Human Development index (UNHDI). This decline in human development has resulted in mass exodus of people from the country which was around 862,655 in 2023. These, imperialistic tendencies ~~are~~ created by these institutions result in more social inequality.

Conversely, the proponents of these institutions regard economic imperialism^{as} a mere fiction ~~like~~ it holds no truth.

The first argument provided by these proponents is that it creates inclusive institutions in politics. IMF and World Bank are

closely aligned with liberal democracy of West which demands ~~excl~~ inclusivity by the nations who want to acquire financial assistance. The policy prescription of these institutions demand progressive taxation in all fields of economy to create inclusive economy. According to Daron Acemoglu in his book Why Nations fail, inclusive economic institutions result in a positive feedback loop which in return creates inclusive political institutions. Hence, inclusivity in both economic and political institutions highlight economic imperialism is a fiction.

Moreover, these economic institutions in the time of crisis provides economic ~~sustai~~ stability. When countries are on the verge of economic collapse, they are assisted by these institutions. By providing timely loans and balancing foreign exchange reserves of the economy laden with crisis, these institutions negate the argument of being imperialistic. For instance, during Greek

debt crisis, IMF and Euro zone were the main financial contributors that saved Greece from economic default. Thus, one can say that these institutions are essential when countries are facing economic crisis.

Another argument used by proponents of economic institutions is that they lead to economic growth. These institutions build the confidence of international corporations that are looking to diversify their operations. By investing in developing countries, they create job opportunities and ~~result~~ result in economic growth. The investor often prioritize those countries that are approved conducive by IMF to invest. For instance, Ghana after going under several IMF-program has attracted foreign direct investment and international corporations like Vodafone and Barclays moved ~~in~~ its operation. Hence, economic institutions results in economic growth ~~with~~ by creating conducive environment to

invest.

Moreover, the international corporations by shifting their operations creates more employment. These firms expand their operations and attract local populace to work in those organizations. By developing more infrastructure and skill-based jobs, they help both the country and population with economic opportunities. For example, CPEC by investing in Pakistan's trade, energy and industrial infrastructure has created around 165,000 plus jobs in Pakistan till now. Hence, the increase of employment challenges the perception of economic imperialism by showcasing how international corporations foster growth rather exploitation.

Additionally economic institutions play an important role in economic development of a country by integrating it with economic powers. Organizations like like IMF and the World Bank provides financial

assistance and technical guidance to the developing countries. These institutions encourages developing nations to closely align with the trade practices and economic reforms upheld by economic ~~reform~~ ^{powers}. For instance, analysts view the approval of 2nd IMF led bailout package in 2024 has enhanced the relation of Pakistan with the USA. Hence, such integration of developing economy with developed economy provides immense potential to grow which neglects economic imperialism.

The arguments presented by opponent who argue that economic imperialism is a fiction are not effective and ~~totally~~ neglects the other half picture.

In view of opponent's stance of inclusive institutions, economic international and big corporations who invest in a developing country creates extractive institutions. By making extractive growth these

corporation grab political power and make it extractive. By dictating national policies of the developing countries these corporations marginalize the domestic corporations. Moreover, by getting favoured tax exemption, these organization attain maximum benefit. According to Daron Acemoglu, in Why Nations fail, South Korea and North Korea having the same culture and geography have a huge economic difference due to nature of economic institution. ~~that is~~ Hence, international organization from developed countries create extractive growth by dictating national policies.

Besides extractive growth, these ~~inter~~ corporations and economic institutions result in long term unsustainability for the domestic industries. By emphasizing free-trade IMF and the World Bank ignores the vulnerability to domestic industries. This free trade led to increased competition for domestic industries who are unable

to compete against big quality corporations. This competition results in declining the economic growth of a developing country as it creates trade deficit. For instance, Principle of free trade by WTO has been helpful to the industries in developed countries while industries in developing economies have suffered. Hence, principles like free trade ignores the ground reality which results in decline of economic domestic industry which bring unsustainability.

In view of ^{opponent stance of} ↑ more investment that result in economic growth, these investors often demand high reward from developing ~~so~~ countries. By exploring the vulnerabilities of the countries who are struggling with economic needs, these investors demand exclusive rewards and tax compensation. These exclusive demands and tax compensation creates tax haven for these investors and organization. ~~The~~ This exclusion also

creates extractive growth of the economy. According to Richard Murphy, in his book Dirty Secrets, tax evasion by elites has left too many developing countries dependent on aid. Hence, economic imperialism becomes more of a fact rather fiction when investors exploit developing countries.

An argument by the opponent about infrastructure development has some weight, but without solving the underlying issue related to misgovernance it leads to economic losses. Economic institutions underline policies that align with developed economies however ~~there are~~ ^{they ignore} ~~more~~ the core issues in developing economies.

Misgovernance, ineffective monitoring and corruption hampers the growth of economy even with well built infrastructure. For instance, the ineffective monitoring and rampant corruption in IPPs ~~sector~~ within energy sector of Pakistan has impeded the growth of industries due to inflation and has increased the

circular debt upto Rs2.6 trillion. Therefore, when economic institutions ignore the underlying causes it further exploit government resources created economic imperialism.

The argument by the opposition about integration with economic powers only cover half of the picture, however, it creates geopolitical tensions. By aligning with economic powers creates tension during the time of conflict between economic power and global power dynamics. Mostly these institutions are influenced by the western developed countries which will left the nations who are dependent on ~~the~~ IMF on a delicate position during time of conflict between western and non-western. For instance, Pakistan is struggling with balancing relation with USA and China, where the former exert influence on IMF on which Pakistan depends due to economic instability while China has ~~close~~ ^{close} ties with Pakistan due to CPEC. Pakistan is in a conundrum to

balance the relation amid global power shifts. Hence, such institutions can create tension and pressure on foreign policy during conflict.

In conclusion, economic institutions have its own positives and negatives, however, the influence exerted by these institutions prove economic imperialism as a fact. The concept of nation state lose its values as government is controlled by others. It also creates boom and bust cycle for countries like Pakistan, ~~also~~ also creating a Black Hawk effect. Such institutions are disconnected from people and by extracting local resources, they tend to create inequality. The proponents of such economic institution argues that it create inclusive growth and provide stability by bringing timely loans and investment. However, the half picture presented by the opponent does not hold the water as it create extractive institutions by dictating reforms resulting in decline of domestic industries while ignoring the underlying causes which showcase that economic imperialism is a fact.