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Part - I

1. B
2. D
3. B
4. D
5. B
6. A
7. A
8. D
9. A
10. B
11. C
12. B
13. C
14. C
15. A
16. A
17. B
18. A
19. B
20. A

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Answer

Introduction:

There is significant impact of IMF financial interventions on developing economies, particular Pakistan. Due to IMF financial intervention, the developing countries face rise in poverty, loss of indigenous industries, the human development lowers, the economic policies are dictated, and the rate of unemployment rises. However, to some extent IMF loans do promote economic recovery by avoiding bankruptcy and stabilising the foreign exchange reserves. In addition, these are criticised due to their long term effects.

Impact of the IMF financial intervention:

① Loss of Indigenous Industries:

Due to the IMF financial intervention, the country faces significant loss of indighnous industries as the IMF sets conditions on loan provision. It instructs the reciepent country to adopt the policy of Economic Liberalism so that the foreign industries could gain some market / sell in the country. The Economic Liberalism argues that there shall be no tariff or trade barriers while doing trade, so that international market could run smoothly. However, due to this the country losses the already fragile indegenous industries.

② Rise of Poverty:

Moreover, the IMF financial intervention results in the rise of poverty. Due to the IMF loans, the purchasing power of the population significantly lowers which further exacerbates the poverty. For instance, Pakistan's which is one of the most frequent receipent of the IMF loans, poverty level has increased upto 45 per cent in the recent report published by the World Bank. This happens when the institute suggests to put additional taxes and remove subsidies, following the agenda of of

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Realism which argues that state shall increase its power as it is the principle actor.

③ **The human development lowers:**

The IMF financial intervention results in the lowering of human development as it suggest the countries to cut the expenditure from the welfare programs. Due to this, the human development level lowers as it is evident from the fact that Pakistan's ranking in the human development is at 168th. Moreover, women mostly benefit from these welfare programs, and the proponents of feminism argues that these institutions are mostly dominated by men and that is why these institutions always come up with anti-women policies.

④ **Dictates the economic policy:**

The IMF financial intervention results in dictating the economic policies of the developing states. Due to this, the country losses its economic sovereignty as the policies are adopted in the parliament, but the dictation from the

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IMF. For instance, the recent SBP Monetary policy was approved in the assembly, but the instructions came from the IMF. The theory which best explains this concept is Structural imperialism which argues that after the end of collonialism era, the powerful countries avoided to directly intervene the weaker countries, and used the institutions to control the economic policies of the ~~world~~ developing countries.

How the IMF loans promote economic recovery.

① Avoids the bankruptcy:

The provision of loans ~~[illegible]~~ to the developing countries the bankruptcy of those states which are at the verge of bankruptcy. For instance, in 2023, Pakistan was on the verge of bankruptcy, but the IMF's timely provision of loans avoided the bankruptcy by following the theoritical perspective of Liberalism which argues that international structure is anarchic, therefore, the only solution to the problems of the world is

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cooperation and coordination.

② **Stablises the foreign exchange reserves:**

The provision of the IMF loans stablises the foreign exchange reserves. of the country. For instance, during the 2023 ~~the~~ Pakistan's ~~had~~ ~~bee~~ come FERs ~~at~~ came at all time lowest; however, the loan provided by the IMF stabilised the FERs which increased the FERs from 2 billion dollars to 8 billion dollars. The theoritical perspective which best explains this is the Liberal Institutionalism, which argues that institutes do provide loans and assistance to ensure that the country can come out of the crisis.

Risks and Criticisms associated with the long-term effects.

1. The initial risks ~~[illegible]~~ and criticism which is associated with the long-term effects is that ~~the~~ due to IMF conditional loans the country's competition reduces in the international

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market. Due to additional taxes on petroleum and other products, the countries ~~can~~ loss the will power to compete ~~world~~ in the international market. Hence, as the Dependency Theory argues that international economic system is established in a way that it tends to maintain dependency of ~~the~~ periphery states on the core.

2. The second criticism associated with the IMF is that these institutions work for the powerful states of the western world by providing loans to the strategically important states. As the Secretary of State Marco Rubio argued that the loans provided by the the US will for the interests of the USA. This shows that the powerful states use the international institutions to leverage their influence by adopting the theoritical perspective of Neo-Colonialism. Neo-Colonialism argues that after the end of colonialism, the powerful states made institutions to leverage their ~~&~~ influence over the economically weak states.

Conclusion:

Hence, in a nutshell, it can concluded that the financial intervention of IMF on developing economies have massive impact. However, there are also some positive signs which help in the economic recovery. Furthermore, there also lies some risks and criticism on the IMF due to its long-term effects.