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IR-II

Mock # 5

Q No: 2

Cold war containment policy + practical implication in case of US-China

1. Introduction:

Back in history people used to believe that to strive for power is the epitome of life. This was also the core belief during cold war (1949-1991). This war was a cold tussle between two super powers of 20th century Russia and USA. Both states adopted the policy of power maximization and expansion. Both world powers were trying to contain each other in western regions of the world but without jumping into hot waters. It was not a full fledged war but rather a proxy war in which USSR and USA used proxies to contain the influence of

each other. Schools of realism best explain the dynamics of cold war. After the cold war the world order again shifted to unipolarity. But after 2010, China emerged as great economic power shifting the world order from unipolarity to bipolarity. Now to contain the rising influence of China, U.S. is again using the containment policy like heavy sanction and AUKUS.

2- Theoretical frameworks of IR explaining containment policy of cold war:

During cold war Russia was emerging as a great world power in terms of economy, space exploration, nuclear power, military and infrastructural developments giving a tough competition to USA. It was the time when world was witnessing the peak of two neo-realist super powers. Neo-realist school of thought in international relations believes in the supremacy of state and power manifesting international structure being anarchic. So, during cold war USSR and

USA, both were practicing neo-realist school of thought trying to maximize each other's powers and to contain the rising influence. USSR and US gave tough time to each other in Korean war, Vietnam war, Berlin blockade and during Afghan-Jihad war in which USA assisted Afghan mujahideen against USSR.

3. Strengths of US containment policy during cold war:

→ US containment policy against USSR proved quite successful during cold war as U.S succeeded in freezing assets of \$500 billion of Russia in World bank.

→ The frozen economic assets proved as a setback for Russian economy.

→ Russian economy failed to support its military expenses during Afghan expansion and at last Russians withdrew from Afghanistan.

→ Moreover, it was U.S strategy to support Afghan mujahideen against Russia to contain their rising influence in South Asia.

→ Similarly, U.S. opposed the influence of Russia in Vietnam, Korea and Germany as well.

→ To contain USSR economically was a great strength of US containment policy because on military grounds both being super powers were on same page.

4. Limitations of containment policy during cold war:

U.S. containment policy was quite successful though, it had some limitations as well:

→ It was not a long-term policy as it contained the rising influence of Russia for a shorter period.

→ After sometime, Russia revived back as a great military power.

→ U.S. gained nothing as a result of this containment policy.

→ It was a short-term, temporary policy that restricted Russia for a while as Russia revived back with the annexation of Crimea.

5. US-China rivalry in contemporary era:

USA has never got time to off guard himself against any power. Being a neo-realist, self-centered and capitalist state U.S had always a threat of bipolar world order. As U.S succeeded in containing Russia, after few years China emerged as a rising power shifting the world order from unipolarity to bipolarity. During cold war, China was an ally of USSR so rise of China is also a threat for USA. As US is a neo-realist state and strive for power maximization everytime, it has launched a containment policy 2.0 against China as well.

6. Containment policy 2.0:

The containment policy 2.0 of USA against China is in the form of tariffs and trade wars. The economic and military rise of China is unacceptable to USA that is why USA has sanctioned China with 25% of tariffs on all imports.

7. Future of containment policy 2.0:

The ^{containment} future

policy of US in context of China will not be an economic set back for Chinese industries. Because China is not depended only on USA for its exports. In 11 months of 2025, after imposition of 125% tariffs, China has managed to earn \$1 trillion out of his exports with 5.6% increase. The containment policy of USA will not help in context of China.

8. Conclusion:

Cold war was indeed a tug of power maximization between Russia and USA. USA being a neo-realist state somehow managed to contain the rising influence of Russia during cold war. But now in contemporary era, it is inevitable to avoid strong economic and military threat like China. U.S containment policy of cold war will eventually fail in context of China.

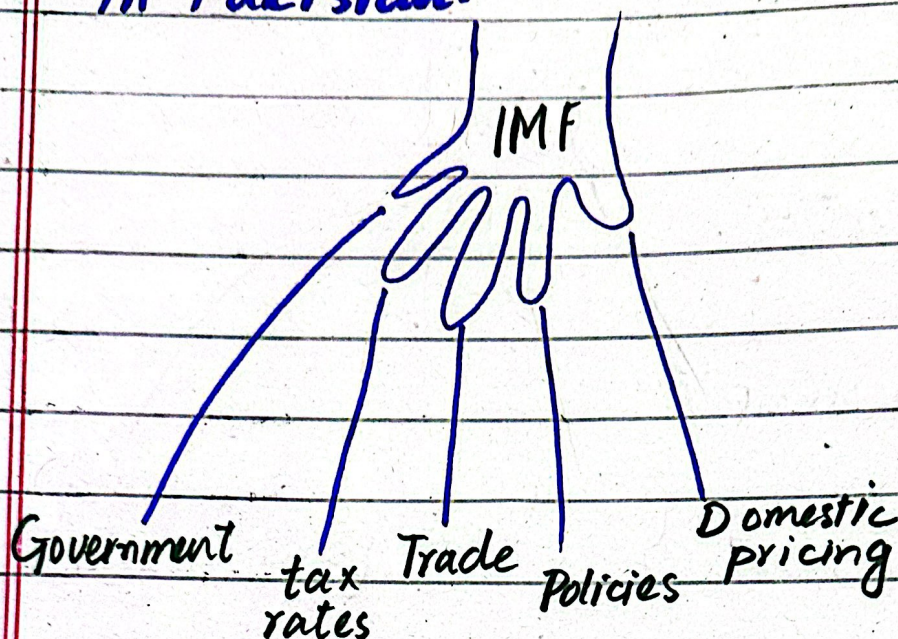
Q No: 4

Impact of IMF on rising countries.

1. Introduction:

IMF is an international organizations that provide loans to developing economies. Pakistan has reached out to IMF multiple times. In return of these loans, IMF intervenes in state's internal affairs shaping its domestic policies to deciding its imports and exports. This is how ^{IMF} state intervenes in state's internal affairs. IMF has created an economic dependency over Pakistan by providing multiple loans over the time. Due to this economic dependency, the government of Pakistan is not independent in state's internal affairs. This has highly impacted the independence of government and policy makers because of strict conditions of IMF on Pakistan.

2. Financial interventions of IMF in Pakistan:



In developing countries like Pakistan, IMF's strict condition intervenes in state's financial affairs affecting the independence of state and government in internal affairs. This is how IMF intervenes in financial affairs by:

- ↳ Strict conditions for government
- ↳ Deciding tax rates
- ↳ Influencing financial policies
- ↳ Impacting domestic pricing
- ↳ Decision-making in trade

3. Strict conditions on government:

Every year IMF publishes a report regarding economic status and financial status/gaps of Pakistan. The recent IMF's corruption report regarding Pakistan shows that 6% of Pak's total economy is subjected to corruption every year which shows a huge financial gap. Due to these gap IMF impose strict conditionalities on government.

4. Deciding tax rates:

From imposing strict conditions on government, IMF decide tax rates in Pakistan to avoid tax evasion and to meet country's financial needs.

5. Impacting domestic pricing:

IMF decides domestic pricing including petrol rates, food prices, etc. This is how IMF intervenes in state's internal affair and influence confidential policy making, creating an interdependency.

6. IMF loans and economic recovery of states:

International monetary fund does not promises economic recovery of any state. It provide loans to prevent states from default and complete economic collapse. The size or amount of loans provided by IMF depend upon the size of economies and their production rate. If a country is developing and under extreme financial crisis with very limited foreign direct investment, then size of loans provided by IMF to those economies will be small and limited.

7. Pakistan and IMF's bailout programs:

Pakistan has recieved multiple bailout programs from IMF. During 2023, when economy of Pakistan was at hault of collapse and default, the government of Pakistan recieved a bailout program of \$7 billion from IMF that temporarily stablized economy of Pakistan making an increase of 0.6% in annual GDP.

8. Dependency dilemma and risks with IMF:

Though IMF was developed to promote economic cooperation and trade liberalisation it eventually showed some red flags for developing countries:

- ❏ Dependency on IMF
- ❏ Intervention in state's internal affairs.
- ❏ Manipulating and influencing state's financial policies.
- ❏ Imposing strict conditions on government of developing countries.
- ❏ Reshaping state's foreign policy
- ❏ Creating a security dilemma for developing countries.

9. Criticism on IMF:

IMF is a great product of WW-II and cold war as it has supported many countries in re-building and re-emerging from the crisis of war. But the time it has proved as a dependency trap for smaller and under-developed economies, influencing and intervening in their internal affairs. It might be a great organization for developed countries but for developing countries it has just created a security dilemma.

10. Conclusion:

The above given debate can be concluded as yes, IMF impacts and intervenes in financial and domestic affairs of states. From providing bailout programs to heavy loans, it has helped developing but with greater challenges and risks. It has created a vicious circle of dependency for developing countries.
