**IMF prescriptions**

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As expected, the PTI government succeeded in passing both the Finance (Supplementary) Bill and the State Bank of Pakistan (Amendment) Bill 2021 from the National Assembly. The opposition made fiery speeches and raised slogans but lacked the numbers to stop the passage of these controversial bills.

Both bills have been passed to meet the conditionalities of the IMF to ensure that Pakistan’s sixth review of the $6 billion Extended Fund Facility gets cleared by the IMF’s executive board in its scheduled meeting on January 28.

The government entered into an agreement with the IMF for a $6billion bailout package in 2019. The IMF programme remained suspended for a while during the Covid-19 pandemic, after which Pakistan negotiated restoration of the programme.

The IMF has imposed very harsh conditions to release the next installment. For increase in revenues under the IMF conditions, Pakistan’s people will pay in the form of price hikes and rising cost of living. The government will continue to increase prices of petrol, electricity and gas, as well as impose more indirect taxes. As a result, people will continue to suffer under poverty, unemployment and rising inflation.

Every government has claimed – after signing the loan programme – that it would be the last IMF programme. The current government also made a similar claim in 2019. Likewise, every IMF loan comes with conditionalities. These conditions are called ‘Structural Adjustment Programmes’ (SAPs). Every time SAPs are imposed in Pakistan, the lives of poor people, workers, peasants, farmers and small traders become more difficult.

The IMF’s policy of austerity which includes taxing ordinary people and reducing subsidies for basic items can only cause more poverty. It will also reduce the consumer market and damage the economy. This is a policy approach that has failed before and will fail again. What we need is a policy of public gain and economic expansion.

The purpose of these conditionalities is simply to make sure that the borrower pays back the loans it obtained from the IMF, a purpose that has been clearly stated on the IMF’s website: “when a country borrows from the IMF, its government agrees to adjust its economic policies to overcome the problems that led it to seek financial aid.

“These policy adjustments are conditions for IMF loans and serve to ensure that the country will be able to repay the IMF. This system of conditionality is designed to promote national ownership of strong and effective policies.”

The experience of the IMF programmes showed us that the ruling class simply transfers the economic burden of IMF conditionalities on to the people. It implements the conditions that affect the poor sections of the population and the middle class. But it resists the conditions that could hurt the interests of the elite.

The IMF, like other imperialist international financial institutions, works within the framework of leading capitalist ideology. And since the 1980s, the most dominating capitalist ideology has been neoliberalism. So it is natural that IMF prescriptions and solutions revolve around neoliberal and free market economic policies.

The question that arises here is: how many IMF programmes do we need before realising that their short-sighted prescriptions are not going to solve any of our fundamental economic problems? It is a widespread misconception that an IMF programme is necessary to fix our economic problems.

Our ruling elite prefer to go back to the IMF after every few years instead of resolving the fundamental issues of the economy. In fact, the Pakistani ruling class has no national vision and plan for the economic development of the country. We hardly have any concrete plan of action on industrialisation and on how to modernise agriculture. We need to develop an alternative economic development path to end our reliance on the IMF and other external sources.

Unless we prepare a very well-thought-out strategy to develop our economy with a clear purpose to end poverty, unemployment and hunger, no matter who is in the government, they will continue to look towards the IMF, the World Bank and others. And every future government will continue to accuse the previous one for piling up more loans.

When the IMF started to impose conditionalities on developing countries in the 1980s, the main aim was to reduce the debt burden of these countries. But after four decades of Structural Adjustment Programmes, the debts of developing countries bloomed to new heights. Now the IMF forces these countries to allocate more resources to repay the existing loans and many countries obtain more loans to repay old loans and interests.

Despite almost four decades of SAPs, many developing countries have not been able to pull themselves out of massive debt. SAPs have failed to help a single country achieve economic stability and growth without increasing unemployment, poverty, inequality, exploitation and repression.

IMF prescriptions have, however, served the interests of Big Business, investors and the capitalist class superbly, offering them new opportunities to exploit workers and natural resources.

Generally, neoliberal economists and the IMF describe neoliberal free market reforms as necessary measures aimed to reduce budget and fiscal deficits, stabilise the economy and improve macro-economic indicators. But in reality, the most important aspect of the proposed measures and policies is to ensure that a country continues to repay older loans owed to commercial banks, governments, IMF and the World Bank.

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