

Imran Khan Sells Pakistan Sovereignty to Predatory Western Banks

by Abdus-Sattar Ghazali via jalal - OpEd News *Monday, Jul 29 2019, 8:28pm*

international / prose / post

Pakistan Falls into the IMF-World Bank Trap

There are hardly two opinions that the International Monetary Fund (IMF) and the World Bank have been implementing predatory economic policies of the West. The poor countries are now in debt traps created by them. Their rise in debt has been swelled, with external sovereign loans to developing country governments more than doubling from \$191 billion per year in 2008 to \$424 billion in 2017. The massive debts that led developing countries to surrender their economies to international banks have accumulated due to predatory lending policies by private banks and loans for conceived or executed infrastructure projects.



Pretty boy populist traitor sells Pakistan for personal gain

To make sure of repayment, IMF and World Bank take virtual control of the economies of borrowing nations by imposing the so-called structural adjustment policies (SAPs). The standard package of IMF 'conditionalities' includes:

- Privatization of state-run industries, leading to massive layoffs with no social security provision and loss of services to remote or poor areas;
- Currency devaluation and export promotion, leading to soaring cost of imports, change of land use for cash crops; and reliance on international commodity markets to generate the foreign currency needed to service the external debt;
- Removal of price controls, and a rapid rise in prices of basic goods and services.

The World Bank-IMF debt trap has crippled the economies of many countries and undermined their ability to determine their own course of economic and social development. The Resident Representative of IMF in Islamabad, Teresa Daban Sanchez, says the Imran Khan government has a weak majority in the Parliament, so it needs the opposition to pass the necessary laws in the elected House.

Addressing a Policy Symposium on 'Pakistan Economy & IMF Program: Challenges & Opportunities' at Islamabad recently, Sanchez stated: "We wanted more autonomy for the central bank, strengthening of tax policy administration, reforming the energy sector, modernizing the state-owned enterprises, strengthening anti-corruption institution, and progress on Financial Action Task Force (FATF) conditions." She referred to political risk as a major hindrance in the making of key legislations for implementing the IMF program. She said, "We need to build consensus with others and the government has to create some kind of support for the passage of legislation."

Sanchez's statement comes at a time when Prime Minister Imran Khan's government has launched a vigorous campaign against corrupt leaders of the two major political parties, Muslim League-Nawaz and People's Party. Amid opposition uproar, two former Prime Ministers, Nawaz Sharif and Shahid Khaqan Abbasi, and former President Asif Ali Zardari and his sister Faryal Talpur are in prison on graft charges.

These parties have substantial members in Pakistan's two houses of parliament. The IMF representative's statement implies Imran Khan should abandon his government's anti-corruption campaign and compromise with the corrupt opposition leaders (Mian Nawaz Sharif and Asif Ali Zardari) to implement the IMF agenda. Tellingly, the rule of these two leaders from 2008 to 2018 is responsible for the huge external debt.

Pakistan's external debt

According to the finance ministry, Pakistan's total debt and external liabilities were \$20.90 billion in 1990, rising to \$38.86 billion in 2007 and \$99.1 billion now. It will not be too much to say that the IMF loans benefit only the corrupt leadership of Third World countries. Former prime minister Nawaz Sharif's government obtained a whopping \$35 billion in new loans during his four-year (2013-2017) tenure to repay maturing debt and keep official foreign currency reserves at a level which could give a sense of economic stability to investors.

In July 2017, the Supreme Court of Pakistan disqualified Nawaz on concealment of assets charges. In December 2018, the National Accountability Bureau (NAB), Pakistan's anti-graft court, jailed Nawaz Sharif for seven years on graft charges. The NAB in its ruling said that the three-time prime minister was unable to prove the source of income that led to his ownership of a steel mill in Saudi Arabia. Former President Asif Ali Zardari, whose government (2008-2013) is also responsible for huge IMF borrowings, is now facing mega money laundering cases.

Pakistan has sold out more than 160 state-run entities since the 1980s, rendering hundreds of thousands of people jobless. Instead of seeing the country free of debt, today there is a phenomenal surge in external debt and liabilities which is likely to haunt Pakistan's coming generations for decades.

On July 3, 2019, IMF approved a \$6 billion bailout plan requested by Imran Khan's government to repay earlier IMF loans. But IMF has attached some tough terms, including a commitment to let the market decide the Pakistani rupee's exchange rate rather than be supported by the Central Bank. The rupee has plunged more than 40% in the last year.

IMF has projected Pakistan's external debt and liabilities could peak to \$144 billion in the next five years from \$93 billion in 2018. More alarmingly, the total external debt servicing would reach \$19.7 billion by 2023 against \$7.7 billion in 2018.

IMF seen as biased towards rich members

According to IMF's own auditor, the institution is seen as a club for rich countries, limiting how much other nations trust its advice as objective. In 2014, IMF's Independent Evaluation Office was quoted by Reuters as saying many of IMF's members still believed the lender treated its bigger shareholders, including the United States and Europe, more leniently than others.

The auditor found that IMF staff sometimes exercised self-censorship to avoid candid messages about risks to advanced economies -- in contrast to their advice to smaller, poorer nations. The perception was magnified when IMF lent billions of dollars to Eurozone countries in distress, including Greece, Ireland and Portugal, with loans that were much larger than the countries' economies. "The Euro Area programs had created the perception that European member countries had excessive weight in the IMF's decisions relative to their economic power," according to the report.

The Brookings Institute has pointed out: "The United States has viewed all multilateral organizations including the World Bank, as instruments of foreign policy to be used in support of specific US aims and objectives." US views regarding how the world economy should be organized, how resources should be allocated and how investment decisions should be reached were enshrined in the Charter and the operational policies of the bank."

Eric Toussaint, historian and political scientist, argues that the World Bank (WB) and the IMF, founded in 1944, are dominated by the US and a few allied major powers who work to generalize policies that run counter to the interests of the world's populations. "The WB and the IMF have systematically made loans to States as a means of influencing their policies. Foreign indebtedness has been and continues to be used as an instrument for subordinating the borrowers. Since their creation, the IMF and the WB have violated international pacts on human rights and have no qualms about supporting dictatorships."

Not surprisingly, two former International Monetary Fund economists wrote in a paper released in July 2007 saying aid to poor countries has little effect on economic growth, and policies that rely on such claims should be reexamined. "We find little evidence of a robust positive correlation between aid and growth," wrote Raghuram Rajan, who stepped down as IMF chief economist at the end of 2006, and Arvind Subramanian, who left the IMF in 2007. Rajan is now teaching at the University of Chicago, while Subramanian joined the Washington-based Peterson Institute for International Economics.

Copyright applies.

<https://tinyurl.com/y67xb8l4>

Inverse Times Open Publishing. <http://inversetimes.lingama.net/news/story-755.html>