

International relations

[History](#)



International Revelation: Conditionality of the IMF Introduction Conditions put a side by the IMF in lending to the least developed or developing countries have been criticized for living beyond the institution's legal mandate. It has been observed that the conditionality in some way or the other harm the economies of the developing or the least developed countries. Article V of the IMF (operations and Transactions) has caused outrage and controversy in as far as lending the least developed countries is concerned. Within the section, three of the fund's articles for Agreement IMF undertake to dictate to the borrowers some of the conditions that have direct influence in the economies these countries.

IMF and the Third World Borrower

Section 3(a) of the IMF fund's agreement requires "the funding to adopt policies towards using resources (Goldstein et al. 480) as well as the special policies for special balance of payments problems. These policies will assist members to solve their balance of payments problems in a manner consistent with the provisions of this agreement and that will establish adequate safeguards for the temporary use of the general resources of the fund" (IMF 2002). Additionally, the initiative will stipulate the IMF and encourage the borrowing countries to affect their policy changes in a way that may help the country to repay its debt without having to affect negatively the IMF. The countries must therefore make a legal agreement that binds them to compliance with the Fund "conditionalities". However, the least developed countries have been given improved conditions in that the IMF has undertaken a review of its conditionality to poor countries in order to streamline them to Poverty Reduction Growth facility (PRGF). As a result, public sector, employment, trade policy, public enterprise reforms, <https://assignbuster.com/international-relations-essay-samples-2/>

privatization, social security, pricing and systematic reforms have been included in the agreement. As a result, least developed countries have been given more “conditionalities” as compared to the developed countries. As a third world leader, accepting most of the conditionality given to the third world countries is an “economic Suicide”. They may subject the economy to a series of problems encompassed with huge debts and inability to honor the fund’s agreement. Section 3(a) for instance is an infringement of the economy of a country. It translates to a form of neo-colonialism in which the recipient country has to reform and implement its national economic policies in accordance to what an external body demands. It inhibits the sovereignty of a state to act within its limits and jurisdiction in its policy play (Goldstein et al. 480). Whereas it is important to demand compliance to the money lent it is not politically correct to undertake an administration of a country endowed with its machineries for governance. As that leader, it is not practical to subject my country to the torments of IMF in the form of borrowing.

In order to accept IMF lending article 3 must be reviewed to offer the country an opportunity to frame its economic policies on its own in adherence to the requirements of the world IMF. I will instead accept conditions that allow the participation of my country in taking the responsibility of identifying, designing, and implementing economic and financial policies that adheres to the practical terms of loan repayment. This conditionality must be able to enhance the country to broaden and deepen the structures that support proper policies in order to achieve the main goal of borrowing and to be in line with the programs for PRGF (Goldstein et al. 481).

Work Cited

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Goldstein, Joshua S, Sandra Whitworth, and Jon C. Pevehouse. International Relations. Toronto: Pearson Canada, 2012. Print.