



The Role of International Monetary Fund as an Apparatus of Neo-colonialism

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ABSTRACT

Main objective this research work is critically evolution the role of the International Monetary Fund (IMF) as pursuing of neo-colonialism. An assessment of the IMF's policies and practices; literature reveals that how the institution serves interest of the powerful donor in the less income countries. This research work perpetuates that the IMF pursuing of the economic liberalization and capitalist agenda extends neo-colonial ideology, prioritize an influence of the developed nations over the developing world. Additionally, the IMF role in the mediation of world order and its support for the dictatorial regimes raises question about its stand for the democratization, human rights and social justice. However, this research work shed light on the policies and practices of the IMF, world governance and dynamics of the world politics. Theoretically, the role of the IMF has been scaled in the light of the Marxist approach and it is investigated that how IMF serving interest of the West in the borrowing countries. A qualitative method has applied for this research work and data is collected from the published books, articles, newspapers and reports published on IMF's policies and its role.

Keywords: International Monetary Fund, Neo-colonialism, Imperialism, liberalism and capitalism.

Introduction:

The International Monetary Fund (IMF) was established in December 1945. After World War-II the world spawned into multilateral organizations and acknowledged by most of the countries because of their support in crucial economic and social issues. Main objectives of the IMF were: to create financial cooperation among countries, extension of economic equality, achieving exchange through multilateral system of payment and to provide loan facility for bailout and making balance adjustment. The IMF role is to provide financial support to its member countries in case of economic issues under various loan program with conditionality. Additionally, IMF assist member countries by exchange of information and technical support to enable them to maintain balance of payment. For achieving these goals, the IMF, over the years, has planned a range of lending instruments to address the precise conditions, which may be faced by individual member states [IMF 2010e]. The loan package or financial assistance as provided by the IMF to its member states under certain conditions, which is called conditionality [IMF 2010d]. In other words conditionality has been defined as policy framework covering both the design of IMF-supported programme i.e., the underlying macroeconomic and structural policies and specific performance standards. These are meant to ensure that progress is made in the execution of the loan programme in line with its objectives.

Regarding loans conditionality, there are analysts who claim that IMF loans packages are useful for the member states. IMF support them in the case of economic problems and solve their financial problems, loans can help the borrowing country to overcome the balance of payment deficit, stable foreign currency reserves, stabilize the currency, to manage inflation ratio, bailout and other technical support. While some of the expert are viewed that IMF debt and loan projects are always exerted pressure and an apparatus of neo-colonialism. It can put pressure on the borrowing country through conditionality and trap them in the sphere of its influence. As a result, country faced political, social and economic implications.

Being a major institutions on the economic system of the world, there are two different and conflicting opinions on the role of International Monetary Fund (IMF) and World Bank (WB). In the first block, pioneer of the dependence theory and Marxism are argue that developing countries, like Pakistan and other Asians and Africans are the penniless countries because of the developed countries. As the poor countries enriched of raw materials but poor in a field of science and modern technology, while developed countries are rich because they have control over the resources of the less developed countries (LDCs). The later are enriched by the way of created integration in the world political and economic system by using multilateral financial institutions as IMF and WB. These are the main instruments of imperialism, these institutions are compiled in a way to bring the world under the influence of single and few developed countries (Salamah, 2017, Muthee, 2013). While in a contrary, scholars whose are in favour of capitalism, free trade and free market economy, they have the opinion that IMF and WB have not concern with the influence of developed society over the less developed countries (Bauer & Yamcy, 1957). This part of the study focused on the aims and objective of the IMF and WB in the light of neo-colonialism. It was investigated that multilateral financial institutions as IMF and WB are responsible for the plight and poverty of the LDCs.

Comparative study of the first and third world assessed that LDCs' political and economic system are incompatible with the developed nations. It was argued by the followers of the Marxist and neo-colonialist approach that plight of the LDCs could be abolished, if the first world stop exploitation and imperial's nature. As the developed nations created a structure of the international institutions in such a way, which could only support rich countries and more responsive to DCs. As Salamah (2017), investigated that IMF and WB serve the interest of the DCs, as a new instrument of the exploitation, as the Britain had done in the colonial period. Since the establishment of these institutions, first world use it as an instrument of power gaining, control over the world market system and so on. Where continuously carried out exploitation and plight of the LDCs by using new methods. During Cold war these institutions were used as anti-communism, they only supported the capitalist block against communist block. As the US is the leader of the Western Block and have a leading role in the IMF and WB, so, these institutions serve their policies for the interest of the US.

The WB and IMF were established with purpose to assist and reconstruct the backward areas in the partner countries to bring development and growth by using loans and aids. Additionally, it was also policy of the founders, to pursue international monetary cooperation and the

expansion of the world trade to develop cooperation and integrity among member nations. These objectives were adopted on the initial stage, but later on West turned to their specific interest and use these multilateral financial institutions for their political and economic interests. So, under the influence of West, IMF and WB serve the interest of the powerful states. This part of the thesis focus on the critical evaluation of the aims and objectives of the IMF and WB, which are discussed in detail.

IMF as a Source of Imperialism:

As realists focussing on military power, where one can protect once country and keep others as a subject. As history has evident that imperial powers used military power to have possession over the external territory for the purposes to collect resources. Rodney (1973) considered it as a largest robbery in the history, where four hundred year ago, the colonies faced severe exploitation because of the Europe possession. Masters of the colonies not only used the subject as a cheap labour and raw materials, but also snatched valuable materials like gold, silver, coppers and so on and transferred it to mother land. Kegly (1993), opine that the imperialist powers not only impoverished colonies by snatching their resources but also left the legacy of traditional colonialism, flourished the destructive policy of divided and rule, still countries of the Asia and Africa have adopted policies and structure as was adopted by the colonial powers in the history.

Although, later on African's states, Asians and Latin America got independence and eradicated the old and traditional colonial system but unfortunately not the imperialist behaviour of the West (Kegly, 1993). It was only end of the traditional colonial system, but nearly the new independent states faced the system of neo-colonialism. On the end of the traditional colonial system, the imperialists' powers need something new to have control over the rest of the world, specifically Third World Countries.

At the establishment of the new independent state, the imperial power need to have influence over these new independent countries. The imperial states were unable to maintain the old system of direct rule. So, they adopted a new method with new strategy to have rule over the LDCs by using soft power and get interest as they got in the traditional colonial system. In other words Amin (1976) argued that DCs a policy was required to North to have dominance over the South. The new policy that the North created was related to political and economic influence and dominance, which replaced the classical colonialism into neo-colonialism and direct military rule into soft powers, which is to be consider as neo-colonialism. While the Nkrumah called it the last stage of imperialism (Nkrumah, 1964).

For achieving the purposes of neo-colonialism, West created International Financial Institutions (IFI) like IMF and World Bank, through these institutions, the West connected the economy of the South to the economy of North. The strategy was adopted to provide loans and aid to North on the basis of conditions, it was the basic interest of the DCs to have control over the LDCs not to bring growth and development into these states but to dominate and control them. So, main purposes of the International Financial Institutions to bring the world into the door step of powerful countries and use their resources for the benefits of West. In other words, behaviour of the DCs is like a classical colonialism in the hat of post-colonialism by using IMF and WB to dominate LDCs.

Serve the Interest of Powerful Donors:

"The United States has played a leading role in shaping the World Bank's agenda, and Bank projects often support

US foreign policy goals. ... However, insofar as the United States can ensure that Bank projects support US foreign policy goals, US contributions are multiplied many times over by those of other member countries (Villanger, 2004)."

It is emphasized in the literature that donors build the loan on the basis of specific assumption and interest, as there is no free lunch. There are an empirical study on the aid's assumptions, evidences that foreign policy objectives are the basic motivations behind the foreign funding. In a joint report of the IMF and World Bank clarified that recent increases in loans in the cases of war against terrorism, Afghanistan conflict and Iraq conflict and their reconstruction because of the strategic consideration (World Bank, 2004). More than that, it was investigated in the study of Alesina and Dollar (2000) that the powerful countries like Japan, UK and France supported their former colonies while disbursing the foreign loan because to get vote in the United Nations, additionally, the US provided more than 1/3 of its assistance to Egypt and Israel for the political purposes and strategic importance (Cassen 1994).

IMF and WB are the multilateral institutions who serve the interest of the powerful nations to have influence over the poor countries, through these institutions USA, UK, Japan, France and others developed states ensure their foreign policy goals. The powerful donors, which donate much to IMF and WB gain substantial influence and reciprocally these multilateral institutions serve the interest of the donors in recipient countries. In case of any issues these donors and multilateral institutions support each other, by compulsion recipients follow these institutions. Consequently, IMF and WB influencing in the international arena may endorse the foreign policy interest of the donors by using the aid trap in recipient countries. An evidently elaborated that The US General Accounting Office (1996), as US donation of \$2 billion to WB generated the sphere of political influence. Analytically, it is right to asserting that the US with 22 % of donations to WB, might be able to set in the leading chair of the multilateral institutions, which may turn to achieve its foreign policy goals.

The evaluations of the US General Accounting Office, as an evidence that IMF, WB and other multilateral institutions are serve the interest of the powerful donors. It is envisaged that multilateral institutions give fund to those countries which adopt the US's foreign policy, and as notified to these institutions to be neutral by the less developed countries:

"The Bank's perceived neutrality helps to further increase the potential impact of these funds. Developing country officials generally perceive the Bank – a multilateral institution counting their own governments as members as a neutral institution that provides objective advice. Bank officials, developing and donor country officials, and private sector representatives commented that Bank advice is less likely to be viewed more motivated by self-interest than advice offered by private businesses or bilateral donors and is therefore more likely to be acted upon, particularly in cases where proposed changes are costly and politically difficult (Villanger, 2004)."

Although the developing countries officials perceived the WB to be neutral, but the WB is still to be acted upon the advice of the US. And not only US, all of the donors have the same stories as like the US but they did not want to disclose openly which may scramble the bank neutrality position. They might keep it secret as so possible to not to challenge the foreign policy goal.

Dr. Hafiz Pasha claimed in his book titled *charter of economy: agenda for economic reforms in Pakistan*, IMF harsh attitude towards Pakistan because of the US pressure. The US demand of do more from Pakistan in the case of regional security, brought harsh nature of the IMF towards Islamabad. Islamabad should have pay much to the regional security, to bring softening in the IMF programs, as the largest shareholders in the IMF's board demanded for the regional security. In the current situation, without doing focus on the demands of the US, Islamabad demands from IMF are useless. Furthermore, he wrote that US has 17% of stake holder in IMF, which in the substantial shareholder in the lender list of IMF. So, this is the means that IMF serve the interest of the influencer and protect their interest in the foreign affairs (Express Tribune, 2021). In the case of war against terrorism, Bessam Momani (2004), in her article titled *The IMF, the US War on Terrorism and Pakistan*, argued that the US intervened and whole heartedly supported Pakistan in disbursement of IMF's loan in lieu of supporting the US war against terrorism. It was a clear objective of the US to support Pakistan in IMF to get the foreign policy goal, so final approval of the US approved the IMF's loan immediately after 9/11.

IMF and the Liberalization of Economy:

The financial crisis of 1997 and 1998 in Asia was followed to assess the causes of crisis, which find out many causes including the IMF policy of liberalization and globalization of capital, which freely moved into globe. IMF pressurized the funded countries indirectly to liberalize their economy prematurely. As Desai (2003) investigated in his study, titled *financial crisis, contagion and containment*, "the IMF encouraged the disaster-prone policy gamble of capital account liberalization in these economy before they had put their structural house in order." While Stiglitz (2002), by encountering the liberalized policy of the IMF stated that IMF policy of liberalization of economy and world market system, have contributed to global crisis.

It was September 1997, where the policy makers "Interim Committee" of IMF drop out the policy of liberalization of economy and proposed it for the Fund's members. And it was promulgated in the concessional programs for the funded members, who ever seek to IMF aid would turn to liberalize its economy. As like other, mostly the economists consider the free capital flow and access to international markets with free or low tax as free of tariffs, embargo and blockade, considered it as advantageous for the growth of economy. However, the free flow of economy was encountering the Keynesian concept after World War-II (WW-II). As the Bretton Woods system of fix exchange rate and control of economy saved countries from the external crisis. The counter movement as against control capital and fix exchange, which started as the fall of the Bretton Woods system in 1970, accelerated the concept of free flow of capital, removal of the government authorities over the market and demand for the free market system (Blyth, 2002). The concept of free flow of capital and decontrol of the government over the market and permission of the foreign direct investment, Williamson (1990) called it *Washington Consensus*. Indeed, IMF was associated with the concept of liberalization of economy, where included free market economy and capital flow, decontrol of the government over the market and privatization of the economic resources.

Liberalization of economy as pursued by the multilateral institution is a triumph of colonization and imperialism. Which mainly open the way of foreign investor to invest in the open market and collect money. As in the case of developing countries, where the poor society failed to compete with developed world in the open market. As in the case of Sri Lanka, where the Hambantota, the port of

Sri Lanka is the best cited for the Chinese style of neo-financial colonialism. The port has been came into the possession of Ali Baba (Chinese online giant), as the government failed to return her loans (The News, 2019). Same the offer by the Chinese has been rejected by the Prime Minister Mahathir Mohammad of Malaysia as considered the neo-colonial situation of the Sri Lanka. The US has visualized the Chinese investment and debt policy as a debt trap strategy. Firstly the later helped the poor society through funding, while in failing back loans, Chinese take the national assets of the recipient nation (The News, 2019).

Probably Islamabad, since its inception touched with foreign aid, from USA, IMF, World Bank, Asian Development Bank and from other countries. In the current situation, Pakistan has signed more than 13 agreements with IMF, received huge amount of debt from China and loans from USA. As China has invested more than \$62 billion for the China Pakistan Economic Corridor (CPEC) project, while Pakistan economy is going from wore to worst with no amelioration in this ground. As Pakistan has been facing severe financial crisis more specifically since the ex. Prime Minister, Imran Khan's government. It is because of the ineffective policies, decreasing in exports and increasing in imports, poverty, unemployment and low tax collection. Furthermore, Pakistan is not a tax paying country or low tax paying country, as Federal Board Revenue (FBR) reported that country has faced a massive short fall of Rs220.4 billion (The News, 2019). In order to fill the gap between saving and investment, Islamabad chasing friendly states, IMF, WB and Asian Bank. Which made a huge burden of debt over the entire nation, as only for the back payment of loan's interest, Islamabad borrowed loans. As according to FBR's report, foreign debt reached to \$106.3 billion. Meanwhile, country's facing economic crisis, energy crisis and security crisis, so may not in a position to pay back the foreign loans. So, it might bring the possibility of the neo-colonialism, as Chinese has in Sri Lanka. China has no concern with good neighbour except national interest, as China's President Deng Xiaoping stated that we have no concern with the colour of cat wither white or black so long as it catches mice.

The very purposes of the IMF liberalization was to have snatch resources of the developing countries, as IMF realised that developed countries have no direct control over the peripheral society, like in the past, military and direct political control over colonies. Therefore, the core states opened the way of financialization and liberalism by using the multilateral institutions. They seek to build a new international institutions to have multilateral agreements, specific laws and universal investment laws, which support the core states' unconditionally while engaged in liberal financial operations across boundaries, beyond national check, laws and rights of the citizens. While it would not be wrong to say that financial liberalization as a new form of colonization, where possession of land, resources, labour in the less developing countries.

IFI's Policy Based on Promotion of Capitalism:

It is endorsed by the scholars that IMF often precipitated economic crisis to pressurise countries to bring economic and political liberalization on international level. As Stiglitz (2002) has been summarised that as many policies of the IMF based on liberalization pushed on international level are responsible for the economic crisis. In the same manner Desai (2003) has pointed out that IMF flourished disaster-prone policies to force countries to the bank of free trade and free market economy. Where is decontrol of the state over the domestic traders and investors to be held, have no restrictions over the market from the

government side. Mobilization of tangible and non-tangible properties without taxes or with low taxes. Although, most of the economists like fund economists argue that decontrol in economy is useful for the developing countries. But in reality, IMF policy of free capital flow economy only beneficial for the world capitalist's class and capitalism and developed nations. As the free market economic strategy which is adopted by the IMF was the proposed by the funded countries. In 1997, it was proposed by the Interim Committee of the IMF to relegate liberalism to snatch out capital from the less developing countries (Joyce & Noy, 2005).

IMF and WB policy of privatization and free capital economy was because of the global capitalists against protectionism and the Keynesian ideology of fix exchange rates and capital control. After the break down of the Bretton Wood, IMF and WB brought privatization on international level through Structural Adjustment Program. Under the conditions of SAPs, it was included that the funded countries should be restored privatization of their national resources. The Washington Consensus focussed on free market economy, where it was sorted to remove state control over the national resources and allow markets to operate openly without any government interference (Joyce & Noy, 2005).

IMF and WB's loan conditions for the less developing world open way for the privatization and liberal economy, as in the case of Pakistan, the IMF want to bring progress in the privatization front. IMF demanded to sell out depletive national entities like Pakistan Air Line (PIA) and Steel Mills of Pakistan. Additionally, they want to privatized the power sector included (DISCOs) (The News, 23 Oct, 2021). Islamabad's Ministry of Finance declared prematurely that to secure the IMF loan programme it is necessary to comply with them on the conditions of privatization. The IMF has rejected the ministry's plan of increases in interest rates and the fixing of the market rate of the dollar and added that government have increase in the taxes measures otherwise the loan program of IMF might be cancel (The News, 23 Oct, 2021). Being a fragile economy and weak government policies of the Islamabad, compel to bow before IMF and WB conditions to restore privatization and comply with their policies, while against to IMF, lead to bankruptcy. In the same article it was analysed that Pakistan will go with IMF policies are without IMF, in case of against IMF's condition, Islamabad may face the problem of foreign reserve decreasing issue on the other hand inflation might be increased continuously, additionally, devaluation of the rupee against dollar. On the other hand to protect economy from the bankruptcy, Islamabad might comply with IMF to privatize the national entities, which is the most priority of the IMF and WB. A question may be raise that why IMF and WB promote capitalism?

The new concept of the privatization in the shape of liberalism, as exported by the IMF and WB means the implementation of the Global North imperialism over the Global South through Structural Adjustment Programs. These programs of the IMF flourish privatization, liberalization and austerity by using fund's conditions for the recipients specifically in the South. As to fell the global economy into the laps of Global North (Khurana & Narayan, 2022). The IMF and WB policy of capitalism resemble to the historical dependence of the North over the South during colonial regime, where the race of capital accumulation in the North produced petty situation and deflation of economy in the North. As Patnaik, U., & Patnaik, P. (2021) argued that accumulation of economy in the Developed Countries are revealed to the late imperialist, where the colonial powers collected resources from the colonies. Consequently, the production of petty and economically weak class society took place in the

Global North and similar structure has been adopted by the Global North in South by using the strategy of neo-colonization. The inequality in the Global South is because of the International Financial Institutions, where they supported the imperialism of the North. The policy of privatization of the IMF and WB created pay off for the first World and economic deflation and austerity in the Third World. In point of fact much worsen conditions for the Third World. Which is nothing more than the plight of the less developed countries and their labours, peasants and so on.

IMF As a Mediator of the World Orders:

The division of the world into North and South Poles is not natural, it is a deliberately designed by the North. Which mainly aim to flow the Western capitalism into the South, where they can extend their holds over the South markets, resources and collect economy. Additionally, West wanted to span the classical colonization into neo-colonization, maintain the expropriation of South through dependence (Tandu, et. al. 2017). Old World Order by the North deliberately painted to hold political and economic control over the South. At the mean while to implement the North concept of political and economic holds over the South was codified in the Bretton wood system and later on that unequal political and economic structure was flourished by the IMF and WB (Amin, 1977).

The North Pole of the world consist of developed countries like North America, Europe and Industrialized Asia. They are advanced in since and technology, politically and economically dominant, military powerful and almost self-sufficient in national products. While in the South Pole, there are Latin America, Africa, backward Asia and Middle East, mostly states are dominated, dependent, peripheral and Sami-peripheral, economically and politically weak or instable (Mikias, 2010). The Old and New World Order were monopolized by the capitalist states to search out the world market for the products of the North, these countries produce goods only for the sake of own profit and hold political influence over the South nor on the basis of needs. In such an unequal distribution of economy bring conflict and war and birth to only few states or classes who have control over the world politics and economy (Aluko, 1977). Rodney (1972) argued that Western has restructured the developing world to monopolize the World Orders by expanding capitalism and snatch out wealth from the third world. The core states search out markets for the North in the South, collect raw materials from the peripheral for the benefits of the North. Under this system a class society has been developed of haves and have not, where the North Pole is haves and South Pole is have not. Under such an economic structure labour division has been created, where the North Pole is like bourgeois while the South Pole are like labour, who works for the owner in the factory.

The management of such an un-equal system was initiated by the North in-lieu of Bretton Wood system in the 20th century, while later on this system was maintained by the IMF and WB. According to Amin (1977), these International Economic Institutions were created by the North to promulgate the World Orders. By using the influential role in the world, North Pole used International Organization like the United Nations (UNO), the Multinational Corporations (MNCs), World Bank and International Monetary Fund (IMF) for the manipulation of the world capital system. As a result of the unequal economic system brought growth and development in the North and poverty, political and economic devastating in South (Daniel, 1980).

IMF Support to Dictatorship:

After World War Second, the colonial state got independent which increase the number of countries in the Third World, emerging of the new states means get freedom from the influence of the Developed States. New established states became a challenge for the powerful states as once the colonies were their dominion and under direct control but after getting freedom turned into firm opposition. These colonial powers have controlled colonies through dictators like viceroy and governor general in the British control India (Anderson, 1920). Viceroy as dictator by nature served interest of their master in the colonial state. In reality, administrators of the dominions were nothing more than puppets of the colonial masters. But after freedom of the colonial state became a serious question for the capitalists that how to get influence over the post-colonial states? As they were enjoyed the colonial markets where they could sell out their products very easily and snatch out resources without any barrier. To encounter the opposition trend of the new established countries the post-colonial masters and capitalists society established Bretton wood (Bordo, 1993), and later World Bank and IMF to have influence over the Third World Countries. WB and IMF main projects were to serve political and economic interest of the major capitalists in the less developed countries, curtail challenges for their products in the international market and especially in the Third World, where they can easily access to markets. All of these were possible only to support the dictatorial regime in the less developed countries as they were installed in the colonial era. As the Bretton Woods institutions supported the dictatorship in Chile, Brazil, Romania and Nicaragua. Later on IMF and WB support for the dictatorship regime in Pakistan as General Ayyub Khan, General Zia Ul Haq and General Musharraf.

History has evidences that IMF and WB never missed the opportunity while supporting the dictatorial regime, when they found it in opportunity. As the writer of the Human Development Report as published by the UNDP, argued that "But rhetoric is running far ahead of reality, as a comparison of the per capita ODA received by democratic and authoritarian regimes shows. Indeed, for the United States in the 1980s, the relationship between aid and human rights has been perverse. Multilateral donors also seem not to have been bothered by such considerations. They seem to prefer martial law regimes, quietly assuming that such regimes will promote political stability and improve economic management. After Bangladesh and the Philippines lifted martial law, their shares in the total loans given by the WB declined" (UNDP, 1994).

In the case of Pakistan, history have many evidences that IMF and WB supported dictator regimes in Pakistan as of General Musharraf, General Zia Ul Haq and General Ayyub Khan. Going against the charter of IMF and WB as incorporated in the section 10 of the article 4, that "The WB and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes (set by the WB) stated in Article I." But in the case of Pakistan IMF and WB openly supported dictatorial regime in Pakistan. This may raise a question that why did IMF and WB have been supported Pakistan during military dictatorship? To know the answer it is important to discuss the political history of Pakistan during, General Ayyub Khan, General Zia ul Haq and General Musharraf. During Ayyub Khan Regime, it was the Cold war era, where the world was divided into two powers United States of America (USA) and Union of Soviet Socialist Republic

(USSR), both had followed different ideologies with the interest of extension to have influence over the rest of the world. Countries having communist ideologies fall in to the block of USSR while all those in favour of capitalism supported USA. In the case of Pakistan, Ayyub Khan supported USA against USSR, had joined South East Asian Treaty Organization SEATO and South North Treaty Organization SENTO. USA opened military and economic aid to Pakistan and same the case with International Financial Institution towards Pakistan. During Zia ul Haq, the closest friend to the USA at the end of the Cold War, highly supported by the USA, IMF and WB. As the Soviet Army entered into Afghanistan, USA got the opportunity of the General Zia to defeat Red Army with the support of the military dictator. So, Pakistan has received its first Structural Adjustment Program (SAP) in the 1980s. After the end of the Cold War and fall of the Soviet Union, USA has cut off her aid towards Pakistan and led to stoppage on military and economic aid with bane on Pakistan because of exploring of nuclear bomb. Further-more IMF has stopped her loans on Pakistan. After a short break severe relation of Islamabad and New York, the tragedy of 9/11 brought USA into Pakistan because of the strategic dependency. At the time General Musharraf was a military head of the state, who promised a new era of prosperity and punctuality towards USA. General Musharraf opened military basement for the Northern Atlantic Treaty Organization (NATO) against terrorism in Afghanistan. Mean-while the USA including IMF and WB whole heartedly supported the military regime of Musharraf (Sarwani, 2022).

All of this trauma, where the IMF and WB supported the military regimes inside of Pakistan because of the strategic interest of the USA. Where the International Financial Institutions find the opportunity to explore the interest of the big powers, turned to support the military dictatorship and where they get support in the light of democracy, liberalism and fundamental rights they turned to support with soft and hard hands.

Conclusion:

This research work has investigated that the IMF role as pursuing of the neo-colonialism. An assessment of the IMF's policies and practices; literature reveals that how the institution serves interest of the powerful donor in the less income countries. This research work perpetuated that the IMF pursuing of the economic liberalization and capitalist agenda extends neo-colonial ideology, prioritize an influence of the developed nations over the developing world. Additionally, the IMF role in the mediation of world order and its support for the dictatorial regimes raises question about its stand for the democratization, human rights and social justice.

As history has evident that imperial powers used military power to have possession over the external territory for the purposes to collect resources. Political analysts considered it as a largest robbery in the history, where four hundred year ago, the colonies faced severe exploitation because of the Europe possession. Masters of the colonies not only used the subject as a cheap labour and raw materials, but also snatched valuable materials like gold, silver, coppers and so on and transferred it to mother land. Imperialist not only impoverished colonies by snatching their resources but also left the legacy of traditional colonialism, flourished the destructive policy of divided and rule, still countries of the Asia and Africa have adopted policies and structure as was adopted by the colonial powers in the history. At the establishment of the new independent state, the imperial power needs to have influence over these new independent countries. The imperial states were unable to maintain the old system of direct rule. So, they adopted a

new method with new strategy to have rule over the LDCs by using soft power and get interest as they got in the traditional colonial system. In other words Amin (1976) argued that DCs a policy was required to North to have dominance over the South. The new policy that the North created was related to political and economic influence and dominance, which replaced the classical colonialism into neo-colonialism and direct military rule into soft powers, which is to be considering as neo-colonialism. While Nkrumah called it the last stage of imperialism. For achieving the purposes of neo-colonialism, West created International Financial Institutions (IFI) like IMF and World Bank, through these institutions, the West connected the economy of the South to the economy of North. The strategy was adopted to provide loans and aid to North on the basis of conditions, it was the basic interest of the DCs to have control over the LDCs not to bring growth and development into these states but to dominate and control them. So, main purposes of the International Financial Institutions to bring the world into the door step of powerful countries and use their resources for the benefits of West. In other words, behaviour of the DCs is like a classical colonialism in the hat of post-colonialism by using IMF and WB to dominate LDCs.

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