

Bretton Woods and Underdevelopment of the Post-Colonial States of the Global South

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Abstract: *The world economic depression that hit countries of the world and the inability of the super power nations, to salvage the economic predicaments of course necessitated the demand for a set of multi-lateral institutions to provide a safety net and to structure the economy of the post-colonial states of the global south. With this vision at heart, a meeting held in Bretton Woods, New Hampshire, in July 1944 spearheaded by the United State and United Kingdom founded the IMF (International Monetary Fund), World Bank, and the ITO (International Trade Organization) among others. Thus, these institutions are referred to as the Bretton Woods Institutions. The Bretton Woods Institutions are cogent institutions that have been involved in economic development in post-colonial states. However, there are controversies regarding whether they (Bretton Woods) facilitate or hinder the economic prospects of post-colonial states. This paper attempts to interrogate their roles in the economic development of the global south, in relation to the unending underdevelopment of the region. The claim of it being a means of promoting growth does not seem to manifest in many post -colonial states of the south, endowed with large availability of natural resources but still lingering in abject poverty and depending on the western world for survival. The research shall also shed light on whether the liberalization efforts of these Bretton woods institutions are geared towards more development in a fine economy than one lagging behind and needing serious intervention.*

Keywords: bretton woods, underdevelopment, post-colonial states, global south

INTRODUCTION

The world economic depression that hit countries of the world and the inability of the developed nations to salvage the economic predicaments at the end of the World War II, necessitated the demand for a set of multi-lateral institutions to provide a safety net and to structure the economy of post-colonial states of the Global South. With this vision at heart, a meeting held in Bretton

Woods, New Hampshire, in July 1944 spearheaded by the United State and United Kingdom founded the IMF (International Monetary Fund), World Bank, and the ITO (International Trade Organization) among others. Thus, these institutions are referred to as the Bretton Woods Institutions. The Bretton Woods Institutions are cogent institutions that have been involved in economic development of the global south. However, there are controversies regarding whether they facilitate or hinder the economic prospects of these affected states of the global south.

Contextualizing Underdevelopment of the Global South

The primary aim of any nation is to overcome underdevelopment. To this end, states of the global south are not exceptions from this agitation. Various liberalization effort towards development and positive transformation of most states of the south has been completely frustrated by various imperialistic instruments, prominent among these are of course the Bretton woods twin (IMF and World Bank). Economic dependence, distortion and recurrent fiscal crisis has been prevalent in the global south, since it came in contact with IMF and World Bank. The path to positive economic growth cannot be solely entrusted to the contemporary reforms of the Bretton woods twin because their emphasis are not on the growth and development of the south neither are they inculcating essential skills to produce profitable goods and services to the people nor in empowering the people to give impetus to development, but in advancing the economic frontiers of the developed economies (Nwozor,2006: 159). Several economic reforms have been introduced by the IMF and World Bank but none has absolutely favored south.

Since then their relationship has been lopsided as factors that necessitate underdevelopment in one is in turn harnessing development in the other (Gunder Frank, 2008). Global South has been depending on the western world for survival even after gaining Independence years back. However, various successive governments of some states of the global south have been struggling to improve the economic wellbeing of the people and reclaim their lost glory. On the other hand, Various Instrumentalities are also use by the advanced capitalist countries to worsen the situation of Nigerian state and further plunder their economy. In a bid to resuscitate their economy, developing economies like Nigerian state which seek to utilize the facilities available in IMF and World Bank are turned off by the conditional test, the protracted and complicated procedure and the slow disbursement (Osoba,1979: 29).

Development is vital to countries of the World, although all counties have experienced one form of development or the other, it does not end, and it is a continuous process. It is however regrettable that the Bretton woods so-called institutions after several decades of being frenzied with development in developed economies, the unending underdevelopment has been the order of the day for the developing economies of the south. It is of no doubt that the Bretton woods overarching institutions, has been a cog in the wheel of the developmental process of the states in the south.

Empirical Analysis of the Bretton Woods Institutions and the Global South

It is germane, to shed light on the origin of the Bretton Woods Institutions. Bretton Woods Institutions is named after a remote village in New Hampshire, the U.S.A., where they were founded by the delegates of 44 nations in July 1944, the World Bank and the International Monetary Fund (IMF) are twin intergovernmental pillars responsible for equalizing economies of the countries of the world. World Bank and IMF have a lot in common. The Bretton woods twin is in a sense owned and controlled by the governments of member nations and virtually every country on earth is a member of both institutions. Both institutions are concerned with economic issues and their efforts are geared towards broadening and strengthening the economies of their member nations.

In addition, the Bank supports the poor to gain access to necessities such as safe water and waste-disposal facilities, health care, family-planning nutrition, education, and housing. Some other outreach of the bank includes the development of oil, gas, coal, fuel wood, and biomass as alternative sources of energy.

The IMF has witnessed two distinct phases in its 50-year history. In the first phase, which ended in 1973, the IMF oversaw the adoption of general convertibility among the major currencies, oversaw a system of fixed exchange rates tied to the value of gold, and provided short-term financing to countries in need of an immediate infusion of foreign exchange to keep their currencies at par value or to adjust to changing economic circumstances. The challenges encountered in handling and managing a system of fixed exchange rates made the monetary and financial condition of countries of the world and led the international community to reconsider how the IMF can possibly function in a regime of flexible exchange rates.

X- Ray of Bretton Woods Institutions

International Monetary Fund

The International Monetary Fund (IMF) is an international organization that promotes global economic growth and financial stability, encourages international trade, and reduces poverty. Quotas of member countries are a key determinant of the voting power in IMF decisions. Votes comprise one vote per 100,000 special drawing right (SDR) of quota plus basic votes. SDRs are an international type of monetary reserve currency created by the IMF as a supplement to the existing money reserves of member countries.

The International fund (IMF) is a world organization, headquartered in Washington, D.C., consisting of 189 countries working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic process, and reduce poverty round the world while periodically counting on the planet Bank for its resources. It was formed in 1944 at the Bretton Woods Conference primarily by the ideas of

Harry Dexter White and John Maynard Keynes, it came into formal existence in 1945 with 29 member countries and therefore the goal of reconstructing the international payment system.

World Bank

The World Bank was created at the 1944 Bretton Woods Conference, alongside the International fund (IMF). The president of the World Bank is, traditionally, an American. the World Bank and therefore the IMF are both based in Washington, D.C., and work closely with one another .The Gold Room at the Mount Washington Hotel where the International fund and International Bank for Reconstruction and Development were established Although many countries were represented at the Bretton Woods Conference, the United States and united Kingdom were the foremost powerful attending and dominated the negotiations.

Theoretical Framework of Underdevelopment

Globalization itself stands as a theory. Thus, there are other related theories which include the World system theory and World polity theory. Thus, it brings us to the theoretical review of these research work in which the aforementioned will be examined alongside Dependency and Modernization theory which are imperatives to the analysis of the relationship between developed and countries of the global south.

World System Theory

The World-System Theory Immanuel Wallenstein develops a theoretical framework to understand the historical changes involved in the rise of the modern world. Accordingly, the modern world system, essentially capitalist in nature, followed the crisis of the feudal system and helps explain the rise of Western Europe to world supremacy between 1450 and 1670. According to Wallerstein, his theory makes possible a comprehensive understanding of the external and internal manifestations of the modernization process during this period and makes possible analytically sound comparisons between different parts of the world. Wallerstein's main arguments about how this world-system emerged were outlined in a three-volume work, The Modern World-System(1974; 1980; 1989), which sets out his macro sociological perspective.

World Polity Theory

The World polity theory was promulgated mainly by John W. Meyer as an analytical frame for interpreting global structures and relations. It was developed as a response to the application of world systems theory. In contrast to other theories such as neo-realism or liberalism, the theory considers other actors such as the states and institutions to be under the influence of global norms. The world polity contains no single actor or institution defining what is valuable for the world as a whole. "Instead of a central actor, the culture of world society allocates responsible and authoritative actor hood to nation-states" (Meyer et al. 1997).

Modernization Theory

Modernization theory examines the process of social evolution and the emergence of societies. There are two cadres of analysis in classical modernization theory: the microcosmic evaluations of modernization, which focuses on the componential elements of social modernization; and the macrocosmic studies of modernization based on the empirical trajectories and manifest processes of the modernization of nations, economies, and polities. However, there are two key sources of problems with classical modernization theory.

Dependency Theory

The economy of the global south is in doldrums from the recent pandemic crisis of capitalism. Though it has always been a battered economy which has suffered a long trend of colonialism. Andre Gunder Frank, one of the earliest dependency theorists, made it quite clear on this point, historical research demonstrates that contemporary underdevelopment is in large part the historical product of past and continuing economic and other relations between the satellite underdeveloped and the now developed metropolitan countries. Furthermore, these relations are an essential part of the capitalist system on a world scale as a whole. (Andre Gunder Frank, "The Development of Underdevelopment," in James D. Cockcroft, Andre Gunder Frank, and Dale Johnson, eds., *Dependence and Underdevelopment*. Garden City, New York: Anchor Books, 1972, p). Dependency theory can be an explanation of economic development of a state in term of the external influences (political, economic, and cultural) on national development policies. (Osvaldo Sunkel, *The Journal of Development Studies*, Vol. 6, no. 1, October 1969, p. 23).

CONCLUSION

This work finds evidence that the Global South has suffered from debilitating and excruciating pains of severe economic crisis that has engulfed the country since the 1980s. member states of all the Bretton Woods institutions (including the IMF and World Bank) has benefited to a certain extent in terms of technical and financial assistance for various developmental programmes and strategies in their respective countries but these reform and programme implementation has been problematic and to a large extent frustrated the economy of the membership states of the global south.

A veritable solution to this situation is for the Global South to delink from whatsoever link they have with the imperialist nations. But immediate delinking may be fatalistic. So, a slow process delinking occasioned by a revolutionary and patriotic leadership, formulation of home grown economic and socio-political policies which reflect local realities, and a revision of the educational curriculum to reflect African as against western thought system will be advised so as to combat imperialism and underdevelopment in the South.

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