MULTILATERAL ORGANIZATIONS AND GLOBAL INEQUALITY:
A FOCUS ON IMF, WORLD BANK AND WORLD TRADE ORGANIZATIONS

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Abstract
The paper examines issues relating to multilateral organizations, taking a particular look at the three multilateral organizations viz IMF, World Bank and WTO. It establishes that institutional and structural variables in the multilateral organizations are skewed in favour of the developed countries and this tends to entrench their hegemony in the global scene. This has crystallized in global inequality. More so, the analysis which relies on the theory of political realism with dependency theory as a complementary theory explores the power play and dominance of interests in global affairs as a defining characteristic of relations at the global level. Again, the paper establishes that a dialectical relationship exists between development in the developed North and underdevelopment in the developing South and that the multilateral organizations are veritable instruments for perpetuating the hegemony of the developed countries, which ensures the continuation of global inequality. The paper therefore puts forward a range of recommendations that could help the developing countries in their quest for development and by so doing bridge the inequality gap.

Keywords: Multilateral, Organizations, Global, Inequality, Underdevelopment, Development.

Introduction
That we are living in a world that is intensely bifurcated into the haves and have nots is an incontrovertible fact. There is inequality within states as well as international and global inequality. Inequality at the global scale has turned out to be an enigma that sparked off deep concern in the relations among states. In the Marxist analysis of class, it is the social relations of production that reproduced inequality which at the capitalist historical epoch was crystallized into the relations between the Bourgeoisie and the
Proletariat. The relations is an agonizing one where the proletariat is maliciously alienated from the products of his labour while the bourgeoisie who owns the means of production appropriates the surplus value created by the labour of the proletariats, leaving them with a stipend to eke out bare existence, so as to be able to continue creating value for the bourgeoisie (Johnson, 2010). It was upon envisaging this ugly asymmetrical scenario and understanding that it has been a character of the human society under the previous historical epochs that Karl Marx decried the unfortunate development and theorized that the exploiters would be overthrown in a revolution which will bring about the dictatorship of the proletariat and withering away of the state. However, the state instead of withering away has become the most important actor in the global scene and has tended to replicate the class struggle in its relations on the world stage.

If the degree of inequality which gave rise to the affluence of one class and crushing poverty of the other class existed at the individual level within the state structures, it is therefore little wonder that in the relations between and among states as actors in the international scene, such evil that have permeated the human history would inevitably crop up as nations relate in multilateral organizations. In line with the foregoing, Onuoha (2008) states that, “the cooperation of various states that constitute the international system is important for the survival of the system. Unfortunately some states are more powerful than others and these powerful states now dominate and determine the operation of these organizations. In most cases these international organizations openly function to protect the interest of the rich countries which wield more economic power”. It is expedient to emphatically state and succinctly too that the avowed and idealistic essence of multilateral organizations is not to engender inequality but to bolster the welfare, development and the common interests of the members. But it is evident that the structures and rules of the organizations have always tilted towards safeguarding the interest of the developed countries who are the major players in the relations. In tandem with logic embedded in realism, the process ends up creating wealth for the developed North and underdevelopment and poverty for the developing countries of the South.

It is a truism that out of about 28 African countries that implemented the adjustment measures prescribed by the IMF and World Bank in the 1980s, none appeared to have posted a better balance of payment rather their economic crisis became more complex. The Nigerian experience with the implementation of SAP which the IMF and World Bank enforced on the country is still vivid in the memory of Nigerians. The policy ended up exacerbating poverty, unemployment, death of domestic industries and indeed misery for Nigerians (Odion, 2013). It is saddening that the developing countries are coerced to accept to implement the IMF/World Bank programmes, whether the developing countries have the conviction that the programmes can get them out of their economic quagmire or not. Thus, the sovereignty of the developing countries suffer major limitations within the walls of these multilateral organizations. Onuoha (2008) further notes that “it is instructive that even though international organizations are formed on the basis of sovereign equality of states, in practice some states are more equal than others”. Multilateral organizations are international
organizations formed with at least three or more states with the intent to promote mutual understanding and protect the common interests of the members. Multilateral organizations may be global, regional or sub regional. The organization at the global, regional and sub regional levels can be multipurpose or single purpose. For instance the United Nations formed in 1945 after World War II to replace the League of Nations earlier formed in 1918 after World War I, is a global multipurpose multilateral organization which has objectives that span from security, economy, politics, education, social development, etc. However the IMF, World Bank and WTO which are the focus of this discourse are single purpose or multilateral functionalist organizations with mainly economic objective. No organization can expressly declare an objective that is clearly detrimental to some of its members.

However, the processes and rules of the organization may strategically be used to put some members at a disadvantaged position. It is doubtful if the developed countries can be so altruistic as to come up with programmes that could benefit the developing countries at their own expense. Thus the belief that the developed countries can fashion a programme for the developing countries which is objectively aimed at bridging the development gap between the North and the South through the programmes and rules of the multilateral organizations may after all be a mere wishful thinking that is not only erroneous but horrendously misleading. Multilateral organizations appear to be functioning as instruments of imperialism to advance the interest of the North while the countries of the South and their citizens remain the wretches of the earth that depend on the North. The North prefers a situation where the developing countries will continue to bargain from a position of weakness, hence the developing countries are primary producers of raw materials while the North engage in production of finished products which dominates the markets of the developing countries who have been hoodwinked to liberalize their economics (Obi, Ozor & Nwokoye, 2008). The unequal relations in trade, paralyzes the growth of domestic industrial and entrepreneurial capacities in the developing countries. This has resulted in a situation where the developing countries have become consumer nations and a dumping ground for foreign wares, making no spirited efforts to develop their own industrial and technological base.

It must be pointed out that the domestic firms in the developing countries cannot compete favourably with the better established and highly technological firms that belong to the North. The end result of the unequal competition is the fizzling away of the domestic firms and the taking over of the markets by the products of the North through the instrumentality of their multinational corporations (MNCS) in an environment conditioned by liberalization (Obilo, 2012). Liberalization of trade and investment which is being advanced by the IMF, World Bank and WTO, etc, are simply inconsiderate of the predisposing conditions of the countries of the South who are the junior partners in the multilateral organizations. Offiong (2001) posits that:

*If a further marginalization of LDCs, particularly those in Africa is to be avoided an alternative approach must take into consideration the experience of LDCs and other countries as well as each*
country’s particular situation. In general term, trade policy should be development-oriented, selectively aimed at building up capacity both at the national level and at the firm level; it should be made an integral part of industrial and development strategy. Seen as a tool of development trade policy is not necessarily synonymous with trade liberalization and success in liberalization as such is not a guarantee of success in development. Trade policy should be designed to help achieve the long-run objectives of development

It is on record that countries of the North adopted trade protectionism when it was most beneficial to them and opened up their economies to liberalization only owing to the logic of their present level of development. To constrain the developing countries to liberalize their economies at a level where obviously they require a measure of protectionism to generate their own development is therefore wicked and callous. It is based on this background, that the paper seeks to look more inwardly towards global inequality in terms of its actors, causes and consequences with particular focus on IMF, World Bank and WTO.

Statement of the Problem
Multilateral organizations are formed with the aim of safeguarding the interests of its members. Its policies and programmes are the means to achieve the intended objectives. Multilateral organizations are to create an interdependence of states, which would be beneficial to member states. It is crystal clear that the economy is the substructure of the society and so greatly determines many other things. At the world stage, the multilateral organizations that have been mostly instrumental in determining the domestic economic policies and even political ideologies of member nations are the IMF, World Bank and WTO. However, despite being members of these multilateral organizations, the developing countries that are members and have been constrained to adopt the policy prescriptions and programmes of these multilateral organizations have not made an inroad to development rather they have sunk deeper into poverty and underdevelopment (Njoku-Obi, 2011). Thus, instead of bridging the inequity gap, global inequality has rather widened amongst the developing countries. While the developed ones have continued to post better balance of payments surplus, the developing countries have been experiencing worsening balance of payment deficit, unemployment, lack of industrial and technological capacity and in fact a decline in the human development index. This situation has provoked the need for investigation of this state of global inequality aimed at ascertaining to what extent this problem exists or is true as well as unraveling the underlying processes that have engendered the problem in the relations among the developing countries and the multilateral organizations.

Research Questions
The following research questions are therefore put forward.
(1) Why have the developing countries that are members of the multilateral organizations (IMF, World Bank and WTO) continued to experience poverty and
underdevelopment while the developed countries continued to experience development?
(2) Has the liberal prescriptions put forward by the multilateral organizations helped the developing countries?
(3) Are the liberal prescriptions suitable for the developing countries at their present level of development?
(4) Did all developed countries adopt liberalization of their economies at a lower level of development as being put forward as a panacea to all economies by IMF, World Bank and WTO today?
(5) Who makes decisions in the multilateral organizations under review and for whose benefit?
(6) Is a self styled endogenous development strategy which takes into consideration the predisposing and peculiar characteristics of the developing countries incapable of generating development?

Aims and Objectives
The major aims of this research were to determine the extent to which the actions and policies of the multilateral organizations such as IMF, world Bank and WTO as well as the governments of the developed North have undermined the development of the developing South. It also determines the extent to which this sad development/situation is engendering and widening global inequality.

The aims will be achieved using the following specific objectives:
(i) To determinate the reasons that make the developing countries to continue to experience poverty and under-development despite their membership of multi-lateral organizations such as IMF, World Bank and WTO.
(ii) To assess the impact of the liberal prescriptions of multilateral organizations on the developing countries and their economies.
(iii) To identify who makes decisions in the multilateral organizations and for whose benefits, the suitability of liberal prescriptions for the developing countries and more fundamentally, the ability of self-styled development strategy of the developing countries to adequately generate development.

Methods
In order to ensure the validity of the findings that would emanate from this paper, the investigation relied solely on secondary data which include information obtained from text books, journals, reports, bulletin, magazines, etc, as well as information culled from the internet.

Theoretical Framework
Theories provide the necessary guide that shape intellectual discourses and analysis and aid understanding of the contentions of the paper. In this paper, it is rational and academically imperative to deploy the theories of Political realism expounded by Niccolò Machiavelli and Hans Morgenthau as well as the Dependency
theory expounded by scholars such as Paul Baran, Theotornio Dos Santos, Raul Presbich, Gunder Frank, Samir Amin, Walter Rodney, etc, as a complementary theory. Magstadt (2009) aptly notes that “the theory that nations act on the basis of interest rather than ideals is known as political realism” Political realism holds that morality has no place in the relations among nations as it has in the domestic politics of states. The theory of political realism contends that what is paramount in the relations among nations is interest which is defined as power. In view of this reality, nations strive to enhance their power not minding the obvious implications of such on other state actors in the global scene. The power to dominate in the international scene takes the forms of economic, political and military powers. To buttress political realism, Magstadt (2009) cites Machiavelli as stating without equivocation that “a prudent ruler ought not to keep faith when, by so doing, it would be against his interest and when the reasons which made him bind himself no longer exist”. Without mincing words, political realism is concerned with how nations act in actuality and pays less attention to how nations ought to act. The reality that cannot be altered is that no nation acts in a way that undermines its interest in the global scene, or does anything that will not culminate in the enhancement of its power in the comity of nations. Williams, Wright and Evans (1993) point out that:

> for realism, theory consists in ascertaining facts and giving them meaning through reason. It assumes that the character of a foreign policy can be ascertained only through the examination of the political acts performed and of the foreseeable consequences of these acts... We think that statesmen think and act in terms of interest defined as power and the evidence of history bears that assumption out. The assumption allows us to retrace and anticipate as it were, the steps a statesman – past, present or future - has taken or will take on the political scene.

It is abundantly clear that in multilateral organizations, what is obtainable is a game of power. The capacity of nations to influence decision making is directly related to the power such nations wield. The voting strength of member nations is tied to their quota in the organizations, despite the purported sovereign equality of states. In the light of the foregoing, the realistic rules of the organizations would continue creating a situation where the weak/developing countries will remain the underdogs, confined to the dungeon of poverty and underdevelopment while the developed countries will continue protecting their interests and enhancing their power in the global scene which logically intensifies global inequality. To complement the theory of political realism, it is expedient to bring the dependency theory to the limelight. Dependency theory is a theoretical framework which emerged in the 1960s as an alternative framework to the modernization theory which holds internal factors responsible for poverty and underdevelopment of the developing countries. Dependency theory implicates external factors as the reasons for the underdevelopment of the developing countries. The theory posits that there is a dialectical relationship between the development in the
industrialized/developed countries and underdevelopment in the developing countries. The same organizations that their policies and programmes result in development of the North, also result in underdevelopment in the South. The point being made therefore, is that global inequality is a product of the dialectical relationship between the developed and the developing countries which is advanced with the instrumentality of the multilateral organizations. Aja (1998) states that:


> dependency means that the crucial economic decisions are made not by countries that are being ‘developed’ but by foreigners whose interests are carefully safeguarded… the specific feature of dependency tends more to mean that no meaningful development can take place if the development initiative or process of an economy depends on outside factors or external stimuli

From this perspective, it is evident that global inequality has persisted in the developing countries because of their dependence on the developed countries and the multilateral organizations for development initiatives. The Report of the South Commission (1993) states in lucid terms that, “the fate of the South is increasingly dictated by the perceptions and policies of the governments in the North, of the multilateral institutions which a few of those governments control and of the network of private institutions that are increasing prominently. Domination has been reinforced where partnership was needed and hoped for by the South”. Furthermore, Echezona (1998) stresses that “the underdevelopment of the Third World is functionally related to the development of the core in which the international capitalist system had permitted the advanced core to drain the periphery of its economic surplus, transferring wealth from the less developed countries to the developed capitalist economies through the mechanism of trade and investment. Trade and investment rules in the global scene are made and manipulated by the core countries using the multilateral organizations that form the focus of this paper viz IMF, World Bank and WTO.

**Brief Historical Development of Multilateral Organizations**

Though the evolution of multilateral organizations is said to be a nineteenth century phenomenon, it has been averred that:

> international organizations have existed from the primitive age, that is before the golden age of ancient Greece. At this, inter state relations exist in China, India, Mesopotamia and Egypt. These were ancient centres of civilization. The prevailing system of government in these ancient empires was monarchy, that is the reign by the kings. These monarchs, at times, entered into diplomatic relations, such as treaties of alliance. This presumably signaled the first step towards the formation of international organizations (Akinboye & Ottoh, 2005).
However, in the modern history, the formation of multilateral organization is traceable to the congress of Vienna in 1814-1815 which crystallized in the formation of the Concert of Europe. Spiegel and Wehling (1999) state that, “the Treaty of Paris (1814-1815) and the congress of Vienna (1814-1815) established the Concert of Europe to restore the European balance of power after the Napoleonic wars. As the quadruple Alliance (Austria, Britain, Prussia and Russia), the concert fulfilled its immediate purpose by defeating Napoleon once and for all at Waterloo in 1815”. The League of Nations which was formed in 1918 through the Treaty of Versailles is a historical multilateral organization that emerged as a consequence of the First World War (1914-1918). The League of Nations was formed to forestall the recurrence of another war of global proportion knowing full well that the First World War was avoidable if nations had a multilateral understanding. The League of Nations being concerned with global security was confronted with some problems. The United States of America being a major player in the global scene did not ratify the Charter of the League and as such was never a member. This smacked of weakness to the multilateral organization in the exercise of the goal of providing global security. Its original members – Japan and Italy quit in 1933 and 1937 respectively. Also Germany withdrew its membership in 1933. Consequently the League of Nations died a natural death and was unable to prevent the eruption of a second world war (1939 – 1945).

In 1945, a new multilateral organization came into being known as the United Nations with its headquarters in New York. The Charter of the organization was signed by 51 founding members. The purpose of the UN is to maintain global peace and security. The UN also concerns itself with economic and social-cultural problems of member states. It canvasses for protection of human rights and also plays a role in humanitarian problems bedeviling nations. It is imperative to point out that the United Nations has six organs viz General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council, the International Court of Justice and the Secretariat. The 20th Century witnessed the emergence of many multilateral organizations which include the International Monetary Fund (IMF), the World Bank (International Bank for Reconstruction and Development) and the General Agreement on Tariff and Trade (GATT) which transformed to World Trade Organization (WTO) in 1995. The IMF and World Bank were created at a conference held at Bretton Woods in 1944 with headquarters in Washington DC, USA, while the GATT which was signed by 23 nations in Geneva on October 30, 1947 took effect on 1st January, 1948. Multilateral organizations are usually created to serve a purpose or some purposes which member nations consider to be of mutual interest. The Bretton Woods institute, IMF and World Bank as well as WTO have objectives/ functions which are the reasons for establishing them. Mingst (2004) notes that “all three were established as the embodiment of economic liberalism based on the notion that economic stability and development are best achieved when trade and financial markets flow with as few restrictions as possible”. The multilateral organizations crusade for and indeed enforce economic liberalization across member nations, giving the impression that liberalization is the panacea to the problems of all economies.
Objectives/Functions of IMF, World Bank and WTO

The IMF and World Bank are the twin Bretton Woods institutions that were created as a consequence of the economic depression of the 1930’s as well as the debilitating effects of the Second World War which intensified the shocks already created by the economic depression. Aja (2002) outlines the objectives of the IMF as shown below:

(a) To promote economic growth, development and international trade and by extension promote high levels of employment and real income of all member states.
(b) To promote international monetary cooperation through a permanent institution which provide the machinery for consultation and collaboration on international monetary issues.
(c) To promote foreign exchange rate stability and the maintenance of the US dollar as a standard international currency and to avoid competitive exchange depreciation as well as exchange rate restrictions.
(d) To assist member states and even recipients of loans, on how to manage and correct maladjustments in the balance of payments without resorting to measures counterproductive to (b) an (c)
(e) To serve as a clearing house and financial agency for member states, which gives greater confidence to members on how to lessen disequilibrium in the balance of payment issues
(f) To act as a think tank for recipients of its loan facility on proposals, designing and execution of capital projects. It takes the form of technical assistance.

Also, concerning the objectives of the World Bank, Sinnha (2010) avers that

“The purposes of the Bank as set forth in the Articles of Agreement are as follows:

(i) To assist in the reconstruction and development of the territories of members by facilitating the investment of capital for productive purpose including:
   (a) the restoration of economies destroyed or disrupted by war
   (b) the reconversion of productive facilities to peaceful needs and
   (c) the encouragement of the development of productive facilities and resources in less developing countries

(ii) To promote private investment by means of guarantee of participation in loans and other investments made by private investors.

(iii) When private capital is not available on reasonable terms, to supplement private investment by providing on suitable conditions finance for productive purpose out of its capital funds raised by it and its other resources.

(iv) To promote the long-range balanced growth of international trade and the maintenance of equilibrium in balances of payments by encouraging international investment for the development of the productive resources of members, thereby assisting in raising productivity, the standard of living and conditions of labour in their territories.
(v) To arrange the loans made or guaranteed by it in relation to international loans through other channels so that the more useful and urgent projects large and small alike will be dealt with first.

(vi) To conduct its operations with due regard to the effect of international investment on business conditions in the territories of members and in the immediate postwar years to assist in bringing about a smooth transition from a war time to peacetime economy.

More so, Obi et al (2008) enumerate the following as the functions of WTO:

(a) It oversees the implementation, administration and operation of the covered agreements.
(b) It provides a forum for negotiation and for settling disputes
(c) It reviews the national trade policies
(d) It ensures the tolerance and transparency of trade policies through surveillance in global economic policy making
(e) It assists the developing, least developed and low-income countries in transition to adjust to WTO rules and discipline through technical cooperation and training
(f) It serves as a center of economic research and analysis hence it produces regular assessments of the global trade which are published in its annual reports
(g) It cooperates closely with the IMF and World Bank

It is crystal clear that the three multilateral organizations have a common line running through them as both have the economic interest of the member nations as a key objective. These objectives ordinarily are seen as possessing the capacity to make the economies of member nations healthy, strong and virile. However, in the practical relations among nations within the spheres of these multilateral organizations, there is abundant evidence that the ideal objectives of these organizations have not crystallized in the development of developing countries. Hence despite the fact that numerous developing countries have kept faith as it relates implementing the neo-liberal policies being recommended for the member nations, global inequality seem to have rather escalated.

Causal Relations between Multilateral Organizations and Global Inequality: IMF, World Bank and WTO in Focus

Having x-rayed the objectives of the three organizations, it is imperative to take a closer look at them viz IMF, World Bank and WTO, with the intent to ascertain the causal relation between them and the obvious global inequality which has been the lot of the developing nations and their citizens. Bromley, Mackintosh, Brown and Wuyts (2004) note that:

"the WTO trade regime is built on the premise that trade liberalization promotes a process of international market integration that is also being driven by the other influences such as falling transport costs and that liberalized international market trading promotes benefits for all. In support of this proposition, it is widely argued that ‘openness’ to trade is closely
associated with growth. As an influential paper put it, open economies tend to converge (Sachs and Warner, 1995), that is, the poorer open countries catch up with the richer ones.

To what extent liberalization has enhanced the development status of member nations of WTO is still subject to intense debate but there are incontrovertible evidences that the WTO policies have received intense criticisms for its failure to result in economic growth and development as being canvassed. Instead what has been evident in most developing countries has been poverty and underdevelopment. Offiong (2007) states in clear terms that “Liberalization cannot be helpful to developing countries, particularly those in Africa, due to a variety of socio-economic, structural and external factors”. The imposition of liberalization policy on developing economies as if it has the magic wand to the growth and development of all economies has had adverse ripple effect on the economies of the developing countries. It is expedient to state that some scholars have averred that protectionism has resulted in development in developing economies. Ed Yates, in an article culled from the internet entitled ‘The WTO Has Failed as a Multilateral Agency in Promoting International Trade’ avers that: there is overwhelming empirical evidence that trade liberalization does not lead to sustainable growth and that developing countries which adopt protectionist trade policies actually develop quicker than those which liberalize their economies, for example South Korea and China. This was very much the case when Now-Developed Countries (NDCs) were developing their infant industries; protectionist tariffs were implemented to prevent foreign competition.

The logic that can create the development of domestic industrialization and fair competition for the products of the developing countries does not exist in as much as the products of the developed countries continue to dominate the markets of the developing countries. Bromley et al (2004) note that, “all of the successful East Asian manufacturing exporters have in the past used protection to support their industrialization”. Besides, Osegbue & Obi (2008) cite Martin Khor, Director of the Third World Network as arguing that “developing countries have less benefitted from the WTO agreements of the Uruguay Rounds because (among other reasons) market access in industry has not improved, these countries have had no gains yet from the phasing out of textile quotas, non-tariff barriers such as anti-dumping measures have increased”. It is important to state that the Uruguay Round is the basis for the transition of the GATT to WTO. Anugwom (2006) states vividly that “while some nations and regions would win, others stand to lose and Africa is prominent in the league of losers. Therefore, while the emphasis on trade on the Uruguay Round of GATT is expected to increase global income by 200-500 US million dollars, Sub-Saharan Africa stands to lose up to 1.2 US billion dollars a year in the new dispensation. Goldstein & Pevehouse (2008) also point out that “at the 2003 meeting in Cancun Mexico, states from the
global South walked out after the industrialized countries would not agree to lift their agricultural subsides which were shutting out poor countries’ agricultural exports”.

More so, Mingst (2004) points out that “Mass demonstrations of individuals from around the world against the World Bank, the IMF and the WTO have become a regular occurrence at international meetings – and subsequent demonstrations at IMF, World Bank and G-7/8 (the Group of Seven or eight highly industrialized countries) meeting are salient reminders of an anti-globalization movement that opposes the intrusion of international rules in peoples daily lives”. Rourke (1999) observes that;

\[\text{the historical growth of trade, it is important to note, has not occurred evenly throughout the world. Instead three facts about the patterns of international commerce stand out. First... trade is overwhelmingly dominated by the EDCs in the North. These countries amass almost 77 percent of the exports in goods and services and 67 percent of the merchandise exports. The percentage of world trade shared by the LDCs is relatively small, especially in per capita figures. A second and related pattern of world trade is that only a small percentage of global commerce occurs among LDCs. Trade among LDCs in 1997 accounted for a scant 15 percent of all world trade... A third important trade pattern involves types of exports. EDCs predominantly export manufactured and processed products. LDCS export mostly primary products}\]

It is important to state that the hidden agenda of the WTO is to perpetuate this uneven trade pattern which ensures the dominance of the North over the South as implied in the opinion of Yates (2014) avers that:

\[\text{from a developmental perspective, the WTO has been an abject failure. The WTO could be defined as successful from the perspective of elite western groups and elites in parts of the developing world, but this is success that only benefits those who already have great wealth and power. This is because the WTO is structured and ordered in such a way so that it does not promote genuine free trade. Rather, it promotes monopolistic competition in which powerful actors are at a huge and perpetual advantage}\]

The monopolistic competition which invariably occurs in trade relations between the North and South has been seen to be disastrous to the South creating problem of dumping in the economy. Speaking about Nigeria, Olukoshi (1993) points out that “foreign based producers taking advantage of Nigeria’s trade liberalization
policy dumped all manners of goods on the market and thus effectively undercut Nigerian manufacturers of those commodities. Not surprising therefore, local manufacturing groups across the country complained bitterly that both the interim tariff system and its fully revised version were excessively skewed in favour of liberalization thereby penalizing local industries harshly”.

Again, Anugwom (2006) points out that:

The Human Development Reports of 1992 and 1996 only a few countries and fewer individuals really benefit from the growth in global trade, which is one of the perceived gains of economic globalization. In fact, the 1996 Report contends that economic gains have benefitted a few countries at the expense of many others. These many others are to be found in the developing world where low commodity prices, monoeconomic dependence, debt burden, corruption, political instability have rendered them unable to cope with both the challenges and problems of liberalization. The total picture is then that of deepening poverty, crisis and continuous marginalization of vulnerable groups. The Human Development Report of 1992 drives home by estimating that 20% of the World population in the developed countries receives 82.7% of total world income, while 20% of people in the poorest countries receive only 1.4%.

In the IMF as well as the World Bank, the situation is not better, the policies and conditionalities for assistance/aid are such that have been seen as being capable of twisting the economies of the developing countries and making their economic problems more complex. Through this, global inequality becomes more intense in the South. Aja (2002) notes that “for the majority of the less developed countries, the IMF loan conditionalities are too high and harsh to effect sustainable economic growth and development… To insist as the IMF does on devaluation of currency, reduction of government expenditure on social and welfare schemes and liberalization of trade amount to further strangulation of the affected economies”. The votes of the developing countries in the Bretton Woods institute is small compared to that of the North and as such policy decisions do not receive the inputs of the developing countries but are imposed on them not minding their positions on issues. Anugwom (2006) opines that “developing nations most times do not participate in global trade and finance and interaction out of free will or conviction of the benefits of such interactions but at the prodding and subtle threat of external forces”.

The IMF imposes certain conditionalities on the developing countries in need of loan. Aja (2002) highlights the specific conditionalities of the IMF to needy countries as follows:
(i) Devaluation of national currency and that is a reduction in the exchange value of a country’s currency in relations with international monetary and exchange regime.

(ii) Wage Freeze/Retrenchment of workers as a measure to reduce supposedly government (wasteful) expenditure

(iii) Reduction in government social and welfare expenditure such as removal of subsidies and deregulation of any sectoral control by the government (e.g. the oil industry in Nigeria)

(iv) Trade liberalization which allows greater free flow of imports - exports capital, labour, foreign direct investment and market offerings

(v) Privatization and commercialization of economic realms or public enterprises…

(vi) Reviewing of interest rate(s) periodically.

Without mincing words, the IMF conditionalities are applicable to all economies not minding their peculiarities. This is why the IMF/World Bank may be seen as a callous doctor for prescribing same treatment for different ailments. In view of the challenges of development created by the common prescription of the Bretton Woods institute for all countries, the Report of the South Commission (1993) notes that “It must be accepted that to be workable, a policy package must be country specific i.e. suited to a country’s particular circumstances and free of ideological bias”. In IMF, member nations are allocated quotas and the quota system which is reviewed after five years has been an instrument to keep the developing countries off the corridors of decision making as the quotas determine the votes of the countries. Obi and Ozor (2009) explain that “the problem with the quota and voting rights is that the rich northern states that have high quotas control the fund. For instance, America has 37149.3 which gives it 17.09 percent of the total quota and 16.79 percent of votes. The implication of this is that just about eight developed countries control more than fifty percent of the votes leaving the other 170 countries to share the remaining votes”.

The investigation into the topic ‘Multilateral Organizations and Global Inequality’ leaves two basic hypothetical statements for the research to prove or disprove. These are either to assert that multilateral organizations have correlation with global inequality or that it has none. Therefore, this paper would deploy the results in the analysis to arrive at a position concerning the causal relationship between the dependent and the independent variables in the paper. It is imperative to state that the declared essence of the multilateral organizations viz IMF, World Bank and WTO is to impact positively on the economies of the member nations, hence it is germane, to assert that the raison d’etre of the multilateral organizations is to generate development in the member countries and so reduce the incidences of hunger, unemployment, poverty, underdevelopment and inequality. The multilateral organizations have gone ahead to enforce members to be aligned with its articulated economic and development roadmap which are founded on neo-liberalism. Thus, amidst whatsoever crisis that may have engulfed any country, the same policy prescriptions are administered to solve the problems. Failure of these organizations to adhere to specificity in recommendations are obviously counter productive as the experiences of the developing countries that were
coerced to liberalize their economies and apply other IMF and World Bank conditionalities have shown. Thus about 28 Africa countries that adopted the IMF/World Bank adjustment measures experienced complexity in their economic problems instead of having the problems ameliorated by the imposed exogenous economic policies.

Besides, in the organizations, the process of decision making is highly undemocratic and greatly undermines the theoretical sovereign equality of states. Hence a power politics of monumental proportion is what obtains in the multilateral organizations. The procedures are such that perpetuate the dominance of the developed/industrialized countries while the developing countries remain in their inferior positions. Thus, by creating a quota system which is linked to voting strength in which the few developed countries have a high voting strength and the developing countries have just an insignificant voting strength, inequality is already being created and sustained in the organization. This invariably creates a feeling of psychological inferiority which culminates in the helplessness of the developing countries in accepting anything that comes out of the relations. It is evident that the countries of the South have in some IMF, World Bank and WTO meetings staged a walk out but such would translate to nothing until these developing countries are able to untie themselves from the apron strings of the developed countries by contriving sincere endogenous economic policies that suit their own circumstance. The prescriptions of the three multilateral organizations favour liberalization and abhor protectionism. However, it is evident that the developed countries applied protectionist policies in growing their economies. Also the experience of the East Asian countries at development is also a pointer to the veracity of the assertion that protectionist policies when applied rightly can engender development.

The specific conditionalities of the IMF and World Bank are most times, wrong prescriptions but the developed countries that are the dominant actors in the multilateral organizations would want the developing countries to adopt them. Thus the multilateral organizations dominate even the thought processes of the developing countries. In the case of Argentina when they negotiated for IMF / World Bank loan, they decried the conditionalities. The conditionalities such as devaluation of the national currency, liberalization of trade and investments, privatization and removal of subsidies are pushed in every country requiring the IMF/World Bank loan and all the WTO countries are to liberalize trade and investment. Indeed these prescriptions have worsened the conditions of the developing countries that applied them as exemplified in the case of Ghana and Nigeria. The adverse impact of these measures has been catastrophic on the people. The effects on the existential conditions of the people of the developing countries that implemented the policies leave us to ponder on what development is and how the developed countries conceive what should approximate development in the developing countries. It must be stated in clear terms that development should be people-centred and aimed at solving their basic problems. It should not merely be growth expressed in terms of GDP or GNP. Obviously there are economies where subsidy and State involvement in business would create stability but if such economy is
forcefully set on the track of the IMF/World Bank, it will be instantly disoriented and the economic misery of the people will be intensified.

It is a fact that in most countries where the policies of the three multilateral organizations were implemented, the economic crisis were not only exacerbated but new dimensions of the problems were created. Thus, devaluation created inflation, liberalization of trade and investment culminated in dumping. The products of the domestic firms were unable to compete with the products of the firms from the developed countries and their MNCs. It became a common phenomenon for the indigenous firms to wind off and this and other issues relating to the policies enforced by the three organizations resulted in wide-spread unemployment and inequality. When these situations are created in the economies of the developing countries, it keeps them perpetually tied to the North and it enables the dependent relation which is disadvantageous to the developing countries to continue. As a result of these contrivances, the developing countries find it difficult to develop their industrial and technological capacity and as such they remain largely exporters of primary products while the developed countries continue to export manufactured products to the developing countries. Therefore, the relations in the multilateral organizations smacks of power politics with its attendant struggle to perpetuate the hegemony of the developed countries in the developing countries. The situations unequivocally culminate in unequal gains from the membership of the organizations. Hence it is clearly evident that the multilateral organizations are implicated in creating global inequality which the developing countries suffer.

Summary

The research topic ‘Multilateral Organizations and Global Inequality’ unveils a dimension of problem which has to do with the failure of the developing countries to experience development despite being members of the multilateral organizations such as IMF, World Bank and WTO. In the investigation, various data lent themselves to concretize the fact that structural and institutional factors have culminated in the failure of the policies of the multilateral organizations to engender development in the developing countries. The paper discovers that there is lack of democracy in the multilateral organizations and as such the inputs of the developing countries are not considered in forming the policy packages that are foisted on them and also that the same package is administered to all economies not considering their peculiar circumstances. This has not been helpful to the economies of the developing countries.

The paper takes the position that there is the need for country-specific policy which must be integrated with the domestic national efforts of the country concerned if development must be experienced in the countries. Hence, it is obvious that for the policies of the multilateral organizations to succeed, each developing country should be allowed to determine which policies to apply and the ones not to apply. There should be no coercion. For instance, it is an indisputable fact that liberalization is not a solution to all economies hence where protectionist tariffs are needed in the development package of a country, such a country should be allowed to implement its protectionist policy.
Conclusion

However, the paper discovers that interests anchored on power are at the base of the actions of the developing countries represented by the multilateral organizations. The policies of the multilateral organizations are carefully packaged to safeguard the interest of the developed countries. There has been uneven trade between the developed and the developing countries which has always been beneficial to developed countries and ensured their hegemony. The multilateral organizations are therefore inventions to determine what happens in the developing countries and perpetuate global inequality. Though the paper does not opine that countries should be in a state of isolation in a globalised world, it however takes the position that developing countries should look inwards for a development agenda that is suited to them as exemplified by the actions of the East Asian countries which culminated in the East Asian development miracle.

Recommendations

Arising from the foregoing, it is imperative to make the following recommendations:

- That the developing countries should design country specific development programmes and should desist from wholesale implementation of the neoliberal policies being advanced by the multilateral organization and the developed countries.
- That the developing countries should make frantic efforts to improve their industrial and technological capacity so as to assure their transition from being exporters of primary products to exporters of finished products.
- That by sharing a common experience of poverty and underdevelopment the countries of the South should solidify their cooperation and so be able to resist the stratagems of the North while presenting a broad common front in the global scene.
- That since isolation from the North is counterproductive and so not an option at all, the South should only embark on selective implementation of the recommendations of the multilateral organizations.

References


