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# THE BRETTON WOODS INSTITUTIONS AND THE PROSPECT OF NATIONAL DEVELOPMENT IN THE GLOBAL SOUTH: A POLITICAL ECONOMY PERSPECTIVE

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This study attempts an appraisal of the impact of the Breton Woods policies on the economies of the developing countries of the global south. Using data empirically generated from the secondary source the study contend that the premature finance and capital market liberalization, privatization and deregulation that became the central part of the Breton Woods reform agenda in the global south is responsible for the present economic crises of unparallel intensity in the region. The study recommended that, the institutions should not be allowed to act independent of superior authorities. It argues that an oversight of global coloration is required to ensure they do not derail from their original mandate.

**Key word**: National development, Breton woods system, global South, liberalisation; poverty, underdevelopment.

## INTRODUCTION

The advanced capitalist societies, mainly in the global north, consequence upon the trauma of the great depression, and the concomitant hardship experienced by their citizens as a result, coupled with the difficulties of the World War II which some scholar still contends was engendered by the global economic depression began a systematic search for the formula of social peace. This quest for global political and economic peace gave birth to the Breton Woods conference in 1944. This global supper-important summit has 44 member nations in attendance at a little town located in New Hampshire United States of America. The conference envisioned a new global system in which the government of member nations would enjoy a considerable freedom and, or choice to pursue their national economic objectives, and still the monetary order would be based on fixed exchange rates so as to avoid the destructive competitive depreciations and past policies of the 1930s (Gilpin, 1987). Another essential issue discussed at this summit was the issue of currency convertibility for current account transactions. Destabilizing and massive capital flows as was prevalent in the 1930s and caused the economic trouble in the 1980s were expected to become a closed chapter in the new international system. In order to achieve this, the Breton Woods conference established three interrelated institutions that were primarily designed to aid global economic cooperation. These institutions include the General Agreement on Tariff and Trade GATT, the International Bank for Reconstruction and Development IBRD and the International Monetary Fund IMF (Garcia, 2017). The General Agreement on Tariff and Trade which has since metamorphosed in to what is today popularly known and called the World Trade Centre was charged to ensure that the various international trade barriers are lowered to the barest minimum. And also to eliminate and prevent further beggar-they-neighbor trade policies that scholars still contend were the major contributing factor to the previous global economic depression (Stiglitz, 2004). The International Bank for Reconstruction and Development which has also evolved into what is today known and referred to as the World Bank is expected to facilitate the restructuring and constructions of the war damaged Europe and at the same time contribute effectively in the development of the global backward areas or regions that later become known as the third world countries (Kapur, 1999). While the International Monetary Fund was established to provide liquidity for troubled economies and also to sustain the global payment system (Garcia, 2017). The IMF is also expected to supervise the operation of the international monetary system and provide medium term lending to countries that are experiencing balance of payment trouble. In the event of fundamental disequilibrium these institutions or system allows a nation to change their exchange rate with the consent of the international community (Gilpin, 1987). However, the actual definition of exactly what “fundamental disequilibrium” means remain unclear.

In synopses, the Breton woods Institutions attempts to settle the conflicts between the domestic autonomy and global stability, but it appears that the essentials or the key features of the system such as the national policy autonomy, currency convertibility, fixed exchange rate are also in constant conflicts with each order (Cooper, 1984). For instance, a particular nation cannot pursue macroeconomic policy freely and at the same time soak up foreign currency without consequences for her exchange rate. It is argued that capital flow would be small and that conflict of economic objectives could be reconciled by providing global deficit financing and if required, for exchange in the exchange rate (Gilpin, 1987). In fact this was obtainable in the international system until the early 1970s when the American monetary system began to place serious pressure on the system. It is now more than 70 years since the establishment of these institutions, and over this long period of historical time the system has changed in form but not in substance. However, as it tries to acclimatize itself with the changes in the international socio-political and economic transformation it becomes necessary to reexamine the system and the functions of these institutions, including its effect and impact on the underdeveloped or developing countries of the world which it claims to aid. Ipso facto, this study would seek to understand whether this Breton Woods institutions particularly the World Bank and IMF has positively or negatively affected the national development of the third world countries, with a particularly emphasis on Africa and African sub-regions. But we shall first and foremost dissect the concept of national development in order not to obfuscate our point of departure. After which we shall then present as plainly as we can an exposition of what seems to us the basic issues vis a vis the Breton Woods system as they are beginning to emerge. National development: By national development this study refers to a phenomenon that encompasses a whole nation. Hence, national development can be viewed and described as the overall development or an amalgam of socio-political, economic as well as religious advancement of a nation or country. And these are actualized through developmental planning, which can be seen as a collection of country's strategies, mapped out by the government. The concept national development is used to refer to a set of sustainable growth and development of a nation to a more conducive and desirable one. National development plan is usually people oriented and its success or failure is determined in terms of the impact it has on the masses. In substantiating the term national development, the third National Development Plan 1980,s diary (Adekoya and Ajilore, 2012) stated thus; True development must mean the development of man, the unfolding and rationalization of his creative potential, enabling him to improve his material condition of living through the use of resources available to him. It is a process by which man's personality is enhanced personality creative, organized and discipline which is the moving force behind the socio-economic transformation of any society.

Also in Enahoro's diary (Onabanjo and M'Bayo, 2009), contends that, national development must be man oriented and not just an institutionally oriented venture. What he is implying is that national development must be people oriented, as in, collective issue, and not just an individual interest prone. National development to, (Agagu, 2004), refers among other related things to the growth of the nations in terms of unity, economic well-being, education and mass participation in the activities of government. What Elugbe (2004) is implying by implication is that national development involves the provision of the necessary equipment and social materials that will ensure that man makes a very good living out of his environment in every society. The national development discourse seems to be in a state of motion since the end of World War II. In fact, in the immediate aftermath of the Second World War, the ideological differences between the capitalist west and the socialist east seem to have influenced the conceptualization and the meaning of the term national development. Ake (2001) for instance argue that "the ideology of development itself has become a problem for development because of the conflict between its manifest and latent functions" in those days when national development appeared to be understood as a direct consequence of economic growth, countless theorist such as Harod and Doma (1957); Rostow (1990) and Diamond (1992), among other scholars proposed models of development, holistically identifying savings, investment and structural change as the main source of economic development and national growth (Icho and Ukpere, 2012). Their believe was that in the long run economic development or growth would generate fund for national investments and infrastructural development which would engender better living condition for the people. However, in the late 70s it became clear that economic development in most developing and underdeveloped countries especially in Africa and Latin America do not provide corresponding social well-being. Obviously economic growth could not completely address the explosion of unemployment, disease, hunger, poverty,, from the old ways of thinking and old forms of illiteracy and the ever increasing crime and political/religious extremism. Therefore, "post development thought has called for a return to the stress on people as both the measure and determinant of national development (Rapley, 2007)." These trends have necessitated the current thinking and a redefinition of the concept 'development' that is departing from economic growth centered panorama to human centered approach. "national development is now seen as transformation of the society, a move social and economic organization to new ones," Stiglitz (2004) and Afeikhena (2004) diary in corroboration of the above, Bates (1987); Chandler (2007) also contend that "development has been redefined, taking the emphasis away from traditional economic indicator of GDP and trade and broadening out the concept to take in psychological and material factors related to the measurement of human well-being." Also, Dreze and Sen (1999) are in this queue as he highlighted the importance of freedom in his analysis of national development, he is of the view that "National development requires the removal of the major sources of freedom: poverty as well as tyranny, prior economic opportunities as well as a systematic social deprivation, neglect of public facilities as well as intolerance or over-active of repressive state" Dreze and Sen (1999). Based on the above, the global south in general and Africa in particular need to go back to their drawing board and design a bottom-top approach to national development. Since a closer examination of development trend in the past few decades, has depicted that development trajectories in the countries of the north are not compatible to that of Africa and other developing countries in the south. National development has also been used to connote a stage of advancement that characterizes a nation-state at some point in their existence, this progress in question is resulted from the interplay of modern political, economic and social forces and processes which transforms variety of people, developing a common geographical area, from allegiance to, and participation in a transitional policy to the creation and acceptance of, and participation in a modern nation-state (Lukpata, 2013). The above entity is characterized by a strong but not autocratic government agencies and machineries that are capable of commanding loyalty, eliciting legitimacy, keeping order, permitting mass participation, fostering integration and satisfying popular demands and expectations. It also has access to skilled citizens, who exercise their potentials to create an advanced industrial society and exploits its environment to achieve a high quality of life for the entire population (Kings, 1988). When any state or nation is able to organize and agree on a national development strategy, it is a good sign that the state or nation in question is strong and lively. On the other hand "when a nation no longer defines a historical horizon to be pursued with courage and hope, it enters the unhappy state of awareness that Hegel referred to: as the inability to take a harmonic stance before life (Comparoto, 2005)."

Indeed, the national development discourse attracted a lot of scholars with different contributions including Rodney (1972), Nnoli (1981) and Ake (2001) and Ake (2003) who has argued fervently that the concept of development is multi-faceted and cannot be discussed in isolation of man centered. For instance Nnoli (1981) contend that development can be conceptualized as a dialectical phenomenon in which the individual and the society at large interact with their physical environment, manipulating and transforming them to the satisfaction of their needs and at the same time being transformed by it. This idea of development Okolie (2009) contends would generally improve man's capacity and potential and subsequently remove and/or reduce the rate of poverty, inequality, unemployment, penury and also enhance the general condition for human existence and self-reproduction. On this note, therefore, national development can be rightly understood as the process of empowering the entire population in a given society with a view to increasing their potentials and the ability to manipulate their environment to the satisfaction of their daily human needs. It can also be viewed as a process through which the quality of life and the capacity to conquer daily needs are diametrically improved. Finally, national development has also been conceived as "a multi-dimensional process involving major changes in social structures, popular attitudes and national institutions, as well as the acceleration of economic growth, the reduction of inequality and the eradication of poverty" (Tadora and Smith, 1999)

The nature and structure of the breton woods system: One of the conspicuous features of the configuration of Breton Woods's conference in New Hampshire in 1944 was the realities of American power among the 44 member nations in attendance. With the greater part of Europe in ramshackle as a reminder of the World War II, the United State appears to be the global most powerful nation economically and unscratched by war. Consequently their ideas prevailed and dominated the proceedings in the global most important summit. Resultantly the Breton Woods institutions such as the IBRD, the IMF and the GATT were established predominantly on the United States recommendations. The IMF and the World Bank policies were determined by one dollar one vote instead of one country one vote (Ismi, 2004). The United States exclusively enjoy a veto over decisions concerning the mandate and organizational structure of the institution. Because Washington's voting share in the Breton Woods institution is about 17.16% in the IMF and 16.41% in the World Bank. In addition the organization is structured in such a way that a change in the article of agreement would need at least 87% of the votes. Japan enjoys second highest voting share after the United States with 6.27% and 8.87% respectively (Feinberg, 1986). In addition to the high amount of voting shares, Washington also has a unique right and, or privilege of appointing the president of the World Bank. As if all these privileges are not enough, the United States was and still the only country entitled to a permanent seat among the Banks executives. These World Bank Group comprises of five different institutions or organization as the case maybe. The first is the International Development Association IDA. The IDA is the World Bank Concessional lending arm, it concentrates on the global poorest countries to which it is supposed to provide a near zero-interest loan for capital development projects. The second which is supposed to be discoursed first in this study is the International Bank for Reconstruction and development IBRD, which is charged to provide the loans and development assistance to the middle income countries and also poor but credit worthy countries. The third is the International Finance Cooperation IFC, whose role is to finance the private sector investment in the underdeveloped of developing countries, and also to provide the needed technical assistance to both the business and the government of the host countries. The forth is the Multilateral Investment Guarantee Agency MIGA, who's function is primarily to encourage foreign investment in the developing countries. They achieve these organizational objectives by ensuring guarantee to the foreign investors against lost caused by noncommercial risk. Finally, the fifth is the International Centre for Settlement of Investment Disputes ICSID, which provides international facilities for the arbitration of investment disputes (Bello, 1992). As concluded by the Breton Woods members in Hampshire, the World Bank is supposed to function as both a bank and a development agency whose primary role is poverty eradication while the International Monetary Fund is only a global financial institution whose primary function is to provide liquidity, monitor and sustain the global payment system (Garcia, 2017). However we shall present an exposition of this role as it affects the global south in the next sub-heading. The General Agreement on Tariff and Trade order wise known as the World Trade Organization is concerned with trade liberalization that is, lowering trade barriers and other protectionist policies of the underdeveloped or developing nations mainly in the global south. In other words, reordering the global economic relations to ensure maximum production and distribution of goods and services globally with little or no hindrances.

The Breton Woods system is founded on three interrelated political foundations. First is the concentration of power on a small number of elite states, second is the existence of a cluster of important interest shared by those elite states, and third is the presence of a dominant power willing and able to assume the leadership position (Kindleberger, 1984). The concentration of both political and economic powers on the developed and advanced industrial countries of the global north, helped these countries to dominate in the proceedings of the Breton Woods system, and by implication empowering them to rule over the rest of the system as they deem fit, irrespective of the consequences. These developed nations of the global north fear no formidable challenge from the communist states of Eastern Europe including the defunct Soviet Socialist Republic USSR and some Asian countries talk less of Africa and Latin America, because the USSR and most Asian countries were then isolated from the global economic relations and confined in a difference and distinct economic order (Spero and Hart, 2009). Although, Africa, Asia (with the exception of Japan) and other less developed countries, or alternatively, developing countries were integrated into the global economic system, they had no say or contribution in the management of the Breton Woods system because of their political and economic weakness. And also considering the fact that most of the developing or less-developed countries of Africa and Asia were just coming out or were still under the shackles of colonialism they lacked what it takes to persuade a dominant power (2010). In addition, Japan who was never colonized by any country was weakened by the effect of the World War II and also lacked the degree of development and political will of the North America and Western Europe. Consequently they were kept outside the management circle for the better part of the Breton Woods active days. As a matter of fact, because Japan was a defeated power they were not initially a member of the Breton Woods system. But they later joined the IMF and WORLD BANK in 1952, however they were never a member of the GATT until two years later in 1954 (Waltz, 2001; Spero and Hart, 2009). The Breton Woods system as argued by Ruggie (1982) was a compromise solution to the contradiction between the international norms and domestic autonomy, since it endeavors to avoid the subordination of domestic economic activities to the exchange rate embedded in the classical gold standard. And also the sacrifice of global stability to the domestic policy autonomy characterized by the turbulence of the interwar period. Nevertheless, this so called "compromise of embedded liberalism" was an effort to compel government to pursue Keynesian growth stimulation policy at home without disrupting the global monetary stability (Gilpin, 1987). Ruggie (1982) in his study further contends that; "Unlike economic nationalism of the thirties it would be multilateral in character: unlike the liberalism of gold standard and free trade, its multilateralism would be predicated upon domestic interventionism" (Ruggie, 1982). The Breton Woods institutions established fundamental changes in social purpose as political objectives, while the nineteenth century gold standard and the ideology of *leissez faire* had subordinated domestic stability to international norms and the interwar period had reversed those objectives, the post-war regimes tries to achieve both (Gilpin, 1987). Since the modern states now perform an extensive function in the economy to provide employment security and social requirements, but its actions become subject to international rule. It would then be possible in this way for global stability and domestic interventionism to co-exist. As scholars has argued "that the essence of embedded liberalism was to devise a form of multilateralism that is compatible with the requirements of domestic stability" (Ruggie, 1982). Under the Breton Woods arrangements countries were encouraged or even coerce to engage in free trade with minimal risk to domestic stability, although at some cost to allocative efficiency. With promise or hope that should they get entangled in some balance of payment quandary, the Breton Woods institutions (IMF) would be on the standby to finance the deficit and also to supervise the exchange rate adjustments. The big question now becomes, is the arrangement for all and sundry or just for selected few that has a special alliance with the North, since experience has shown that many countries in the global south had battled with balance of payment complications for a long period of time while the revered global financial institution kept looking the other way. Nonetheless, we must agree that the establishment of the Breton woods institutions did usher in a new international economic order, an epoch of unparallel and unprecedented development in the global trade, and ever increasing international economic interdependence. But is the distribution of the cost and benefits of the gigantic economic activities fair and equitable among the global players (countries) or is it boom for some and bust for others? Or is there any inherent flaw in the global Keynesianism that would in time bring the system down? The answer to the above questions shall be attempted in the next sub-heading but what is more apparent than real is the clarity of the fact that the foundation of the relationship between and among the global players is far from interactive, they are indeed asymmetrical.

The breton woods institutions and the crises of national development in the global south: Since the inception of the Breton Woods system there has been something cloudy about its institutions and their approaches to the promulgated mandate. Or there have been a change in what was originally agreed to be part of their function, especially when it has to do with countries from the global south. These changes were it made explicit *abinitio* would not have been globally accepted and the poor and the poorest region of the globe that were caught in their debt trap would not be where they are today. The contradictions between the effective mandate and the original mandate created tension that manifest itself in so many ways including intellectual incoherence (Stiglitz, 2004). The mandate of the Breton Woods institution especially the IMF was to provide liquidity in a world of imperfect capital market, as Professor Joseph Stiglitz (2004) has argued in one of his classic works titled *The Failure of The Fund: Rethinking The IMF Response.* In order to help countries maintain output as close as possible to full employment it was originally established' to work with the recipient countries in implementing measures to guarantee the stability of the global financial system and correct any balance of payment obscurity. Although this assistance is strictly based on the recipient countries embarking on appropriate, or what they think is appropriate expansionary policies (Stiglitz, 2004). However, this mandate appears to have taken a different line of the itinerary. Today instead of helping distressed government navigate through their currency crises, the institutions have perpetually pressured them into such situations by tricking them to abandon the regulation of cross bother trade and finance flow, which ultimately lead to a massive trade imbalance and reckless financial speculations, supporting the hypothesis that the Breton Woods institutions has long jettison their original mandate and assume a difference function in contemporary times (Caragh and Menduza, 2003). Their observable or recent mandate seems to be that of bill collector for lending advanced capitalist societies. Its new job is now to ensure that the recipient nations have enough security or the capability to repay whatever outstanding loan or aid that is received hitherto, and also guarantee the maintenance of overvalued exchange rate in order to easily acquire foreign currency. Not minding the implication of such obnoxious role to the local populations. I will disambiguate the above postulates immediately using some affected countries in the global south as a typical example.

Before the unfortunate encounter with Breton Woods's institutions, in the 1980s, the economic growth rate of Zimbabwe averaged about 4.05% per annum (Fig. 1). Its export were predominantly manufactured goods and the national debt are not just being serviced appropriately they are repaid regularly. Health and food security are secured, coupled with the relentless increase in education facilities and other welfare packages owing to the rise in government spending (Naiman and Watkins, 1999). However, when the government of Zimbabwe turned to the Breton Woods institution in 1991 for $484 million loan in order to jump-start their economic development hail broke loose and their nightmare began. The World Bank and the IMF conditions for Zimbabwe required reduction of trade barrier and import duties, eliminating foreign currency control, removing the protectionist policy of the manufacturing sector, and deregulating the labor market. It also requires the deregulation of the financial market, ending the employment securities and reducing the national minimum wage as well tax increased tax rate to mention but a few outstanding once. Consequent upon this conditionality, the countries experienced a massive closing of companies that automatically lead to unimaginable poverty escalation and unparalleled unemployment rate in Zimbabwe since independence. It did not stop there; the country's economy went into a downturn when the real GDP declined to almost -8.02% in 1992 (Fig. 1). About 25% of the national workforce were laid off, this propelled the already unfriendly unemployment rate to between 35% and 50% in 1997 (Ismi, 2004). Three years later over 68% of Zimbabwean citizens were living on less than two dollars a day, and coupled with the collapse of wages by the Breton Woods conditionality, the majority of the employed population was living far below the official poverty line (Naiman and Watkins, 1999). This poverty incidence unleashed by the Briton Woods institutions affected all the developing countries that opted for it as their alternative development approach (Fig. 4). Furthermore, the Breton Woods institutions recommended export led growth in Zimbabwe in order to generate foreign currency primarily for debt reduction and not for infrastructural development. This export led growth is dominated by primary products, in fact Africa and-Saharan Africa's exports to the rest of the world remain dominated by raw materials for over three decades now, almost two third of the export is comprised of fuels, ores and metals, and another 15 percent agricultural products (Fig. 2). In addition the variant of trade liberalization recommended for Zimbabwe and many other countries in the global south as we can see in this study led to a situation where import are growing more than export (Fig. 3), a situation which has increased trade and current-account deficit and resultantly escalated the country's debt significantly. In synopsis, the World Bank and the IMF did not just destabilize the Zimbabwean latent economy; it has dislocated an economy that was in rapid progress before their unfortunate encounter in 1991. It has destroyed the Zimbabwean productive capability by closing down their manufacturing sector and removing the agricultural subsidies, thereby introducing massive poverty in the whole nations and unfathomable unemployment among youths. The presence of the Breton Woods institution in Zimbabwe rather than helping them out of economic difficulties as promised has further impoverished them the more by denying them access to good and affordable health care system, sound education and mechanized rural agriculture.

In addition to the above analysis, the Asian financial crisis of the late 1990s also depicted the level of lackadaisical attitudes the Breton Woods institution displayed in matters of economic obscurity in the global south. Although the international community emerged intact and unscratched from the AFC as the interest rate dropped and the exchange rate stabilized. The fact still remains that none of this economic miracle or success in the Asian economic crisis can be attributed to the Breton Woods IMF and World Bank response when we judge the success of its policies by whether the recession was unnecessarily long or imposed unnecessary high cost on the Asian workers (Stiglitz, 2004). If we should study the four most affected Asian countries, we shall understand that the Indonesia economy remained in recession for some time and is only beginning to show some signs of recovery in contemporary time.

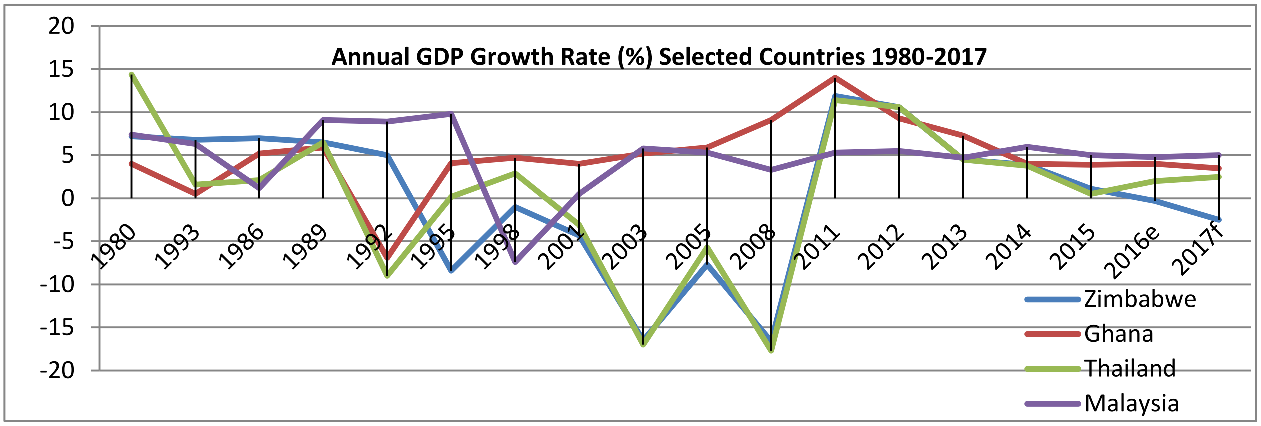


Figure 1: GDP annual growth rate (%) selected countries 1980-2017. Source: ECA Computations based on UNDESA (2016) and World Bank (2017) data. Note: e = estimates While f= Forecasts.

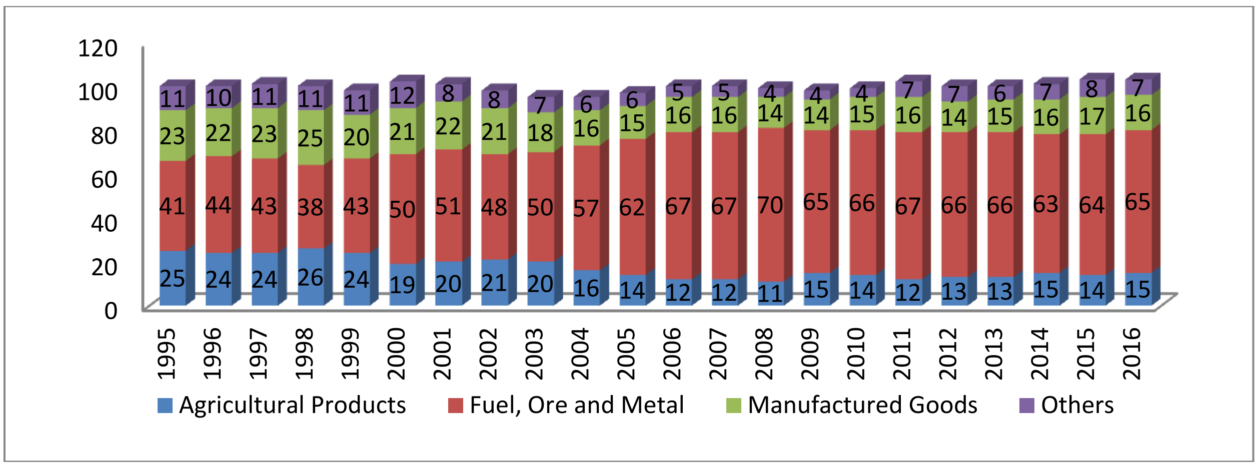


Figure 2: Africa major export product (percentage share of total Merchandise) 1995-2016. Source: Computed from AFDB 2016 and UNCTAD 2017 data.

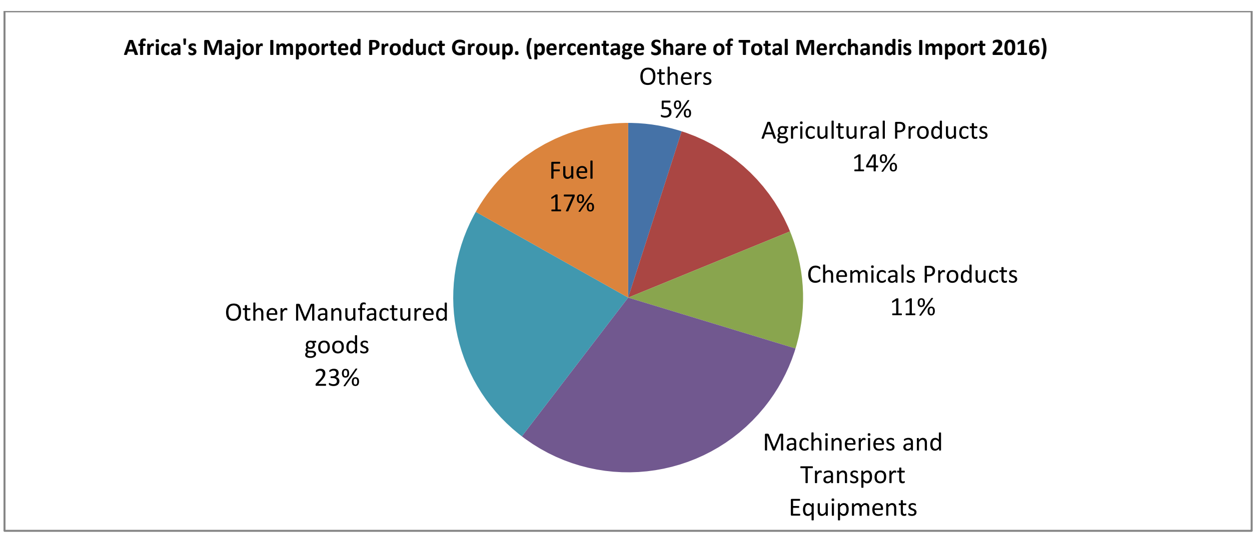


Figure 3: Africa's major import products 2016 Source: Computed from UNCTAD 2017 data.

The political pandemonium in Indonesia that is believed to be the cause of the economic difficulty in the country has proven to be almost intractable obstacle, but there is no doubt that the degree of the economic downturn contributed majorly to the ruthlessness of the political pandemonium in the country, though the disorder was expected by economic experts as a resultant effect, but there is no doubt that the obnoxious policies of the International Monetary Fund contributed immensely to the magnitude of Indonesia economic recession (Garcia, 2017). Nevertheless, the Republic of Thailand was also popularly known to be one the World Bank/IMF disciples in the Asian continent, and followed their dictates and instruction religiously and very carefully also for many years. But the country has practically nothing to show for it, since they are yet to recover or regain their pre-crisis output level in annual GDP growth rate (Fig. 1). With about 40.09% of bank loan none-performing, scholars contends that the Thailand economic maladjustment is yet to be over, even under the close watch of the presumed philanthropic Breton Woods institutions.

However, Ghana's situation was more pathetic after their encounter with the Breton Woods institutions in 1983 under the military political system, though the annual GDP growth rate argued order wise (Fig. 1) a close examination revealed that under the World Bank and IMF pressure Ghana privatized over one hundred and thirty state owned enterprises (Kofi, 1997). This wave of privatization affected even the mining sector which was the main source of the government revenue. Exchange regulation and tariff were removed and the era of health, agriculture and education subsidies also came to an abrupt end. Consequently, over 20.05% of Ghanaians workforce lost their jobs, and the cost of living skyrocketed to a level beyond the reach of the poor and the poorest (1997). In addition to the above social vice, Ghana GDP per capita dropped to 309 dollars in 1988 from 411 dollars in 1975 before the unfortunate encounter. And about 78.04% of the Ghana's overall population dropped to one dollar per day, while 40% live below the poverty line (Abrego and Ross, 2001). In addition, 75% of the populations have no access to good health services and sanitation, the annual GDP growth rate was not left out in the socio-economic quandary, immediately after the encounter Ghana annual GDP growth rate experience negative growth for the first time since independence (Fig. 1). Just like the case of Zimbabwe the World Bank and IMF conditionality emphasis on export expansion to reduce debt only succeeded in escalating Ghana's external debt beyond proportion. From 1.4 billion dollars in 1980 Ghana's external debt increased to 7 billion dollars in 1999 (Amenga-Etego, 2000). Ghana used to be self-sufficient in agricultural products such as rice, beans, cassava, and other likened food produce. But the World Bank and IMF pressure on removal of subsidies on agriculture and other market liberalization has rendered the once famous Katanga Valley, a onetime Ghana rice source into a game reserve, while the United States rice and other food items replaced the locally produced once, and has become about the only source of food items in the country. This is because the United States rice and other food products were cheaper than the locally produced once, why is that? They are cheaper because in the United States most agricultural produce especially rice is subsidized (Kampfner, 2000). This situation begs the question as to why would the United States subsidize their agriculture but under the guise of the Breton Woods system pressure others not to do same. The answer to that question would have to wait since it's not the main purpose of this study. However, among all the damages done to Ghana's economy by the Breton Woods institutions under the pretense of development aid, the privatization of the mining sector did the most damage to the country. As already emphasized or highlighted by the SAPRIN study which argued that; the liberalization, deregulation and privatization of the mining sector have enabled transnational corporations to remove resources and profits from poor countries while failing to generate the sustainable economic growth that is of net benefit to the national or local economy (Bhattacharya *et al.*, 2002; Saprin, 2002).

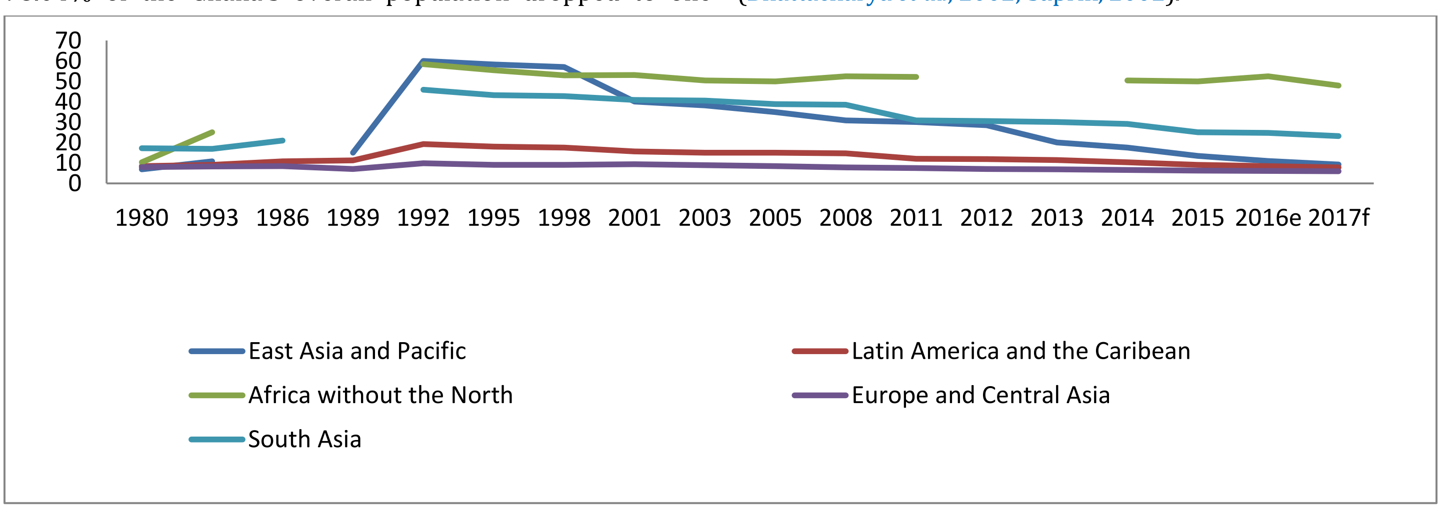


Figure 4: Poverty Rate at $1.90 a day (2014 PPP), 1980-2017. Source: World Bank 2016 and IMF 2017. Note e = estimates While f = forecasts.

As a result of the tax holidays and other related incentives usually given to the foreign companies (that has taken over Ghana) for destroying the economy the mining net foreign exchange contribution to the national economy has become minimal. The Breton Woods IMF and World Bank conditionality did not just deny the citizens of Ghana the benefit of their most lucrative and priced mineral resources, it also took away their most basic and necessary means of livelihood, we are referring to water here, the privatization of Ghana water supply for the purpose of increased cost recovery together with education and health care is a good indicator that the Breton Woods institutions have no agenda for Africa development in particular and the global south in general.

Recall that among the four Asia countries that were worse hit by the AFC the only two success story are those that partially or completely ignored the instructions of the Breton Woods institutions, namely; Malaysia which completely avoided the IMF programmes and South Korea whose quick recovery from the deadly economic crises can be largely attributed, at least to some extent to her digression from the World Bank and IMF instructions in some important ways (Stiglitz, 2001). For example the survival prescription given to South Korea by the Breton Woods institutions was to restructure their economy by giving out or rather selling out excess capacity in industries such as computer chips. However, the excess capacity was solely cyclical, and the passing of the recession put billions of US dollars into the South Korean bank account. These incomes which the country would have lost had they listened to the Breton Woods instructions significantly help South Korea navigate through the AFC. It is evident from our analysis that had they listened to the World Bank and IMF instructions and followed it, the South Korea situation today would have been far worse than the condition of Ghana and Zimbabwe put together. In addition to that, the county was also instructed to close down or sell off two of their most important banks by the World Bank and IMF during these trying times, but again instead of following those instructions they effective and meticulously nationalize the two banks (Rudolph and Rudolph, 2002; Stiglitz, 2004). Nevertheless, while there are some contradictions viz-a-viz the aptness of the policies pursue in the East Asia by the Breton Woods institutions; there is a general agreement among scholars that IMF pursued excessively contractionary fiscal policies, and that the way in which they handle the fiscal sector restructuring, at least in Indonesia contradict their original mandate, and resultantly was a dismal failure (Stiglitz, 2004). Aside from this recorded poor response of the Breton Woods institutions to the AFC, there is also other good evidence of failure in the functions they agree to perform, such as the inability of the rescue packages in Africa, Latin America, East Asia and even Russia to sustain the exchange rate cost of billions of US dollars. The worst part of this, as already highlighted by Professor Stigltz (1999) is that this money in question will not come from the United States tax payers or the Western Europe but essentially from the pockets of those impoverished citizens in the underdeveloped or less developed nations of the global south whose poverty trend have not recovered since their encounter with the Briton Woods Institutions in the late 1980s.

**SUMMARY AND CONCLUSION**

From the development discourse and, or exposition as presented in this study we have seen that national development or development as the case maybe is concerned not just with the increasing of a country's GDP or per capita income, but also with increasing the living standard of the entire population in a given society. It is also concerned with democratic, equitable and sustainable progress of the society (Bank, 1997; Keefer and Knack, 1997; Sen, 1997). The concept national development generally implies a transformation of a given society from a particular situation to a relatively better condition. However, we have been able to demonstrate just how infinitesimal, if at all, the earlier strategies of the Breton Woods institutions have promoted the general conception of national development in the global south. And how far the general philosophies of the Breton Woods system have shifted from its original root, especially during the past economic crises, towards the benefit of few and to the detriment of many. Specifically, the IMF and the World Bank provide funds, but under the explicit condition that the interested countries engage in more contractionary fiscal and monetary policies than they may or would have wanted to, ordinarily. But this fund went not to finance more expansionary fiscal policies as promised, but rather to bail out creditors from the advanced industrialized countries (Stiglitz, 2001). Leaving the already committed countries of the global south to fend for them. It is also this nonchalant attitude to the fiscal problem emanating from the global south that led Cote de Ivoire to their present situation. As a consequence of the global price decline in coco and coffee in the 1980s, that was Cote de Ivoir's main export. The country experienced immense pressure as the economic growth that has been favorable for over two decades began to decline. As always the Breton Woods's World Bank and IMF stepped in to save the day in 1989. Under the direction of these institutions the country was required to cut down the government spending by 30%, deregulate the labor market, cut down capital expenditure by 15%, privatize the government companies and increase taxes. The conditionality also include the devaluation of national currency, downsizing the civil service, enacting trade and financial reform and also eliminating price control (Naiman and Watkins, 1999). All these measures introduced in the country did nothing but increased the power of the powerful and the misery of the miserable. Just like most countries in the global south the Word bank and IMF adjustment only escalated the Cote d Ivoire external debt and further impoverish the citizens.

At this point, it is crystal clear that the Breton Woods institutions violated human right in no small measure, destroy the social cultural and physical environment and also extended poverty and misery to societies that hitherto have no prior knowledge of its present magnitude in the global south. However, the problem of whether these institution will continue with this trend and keep impoverishing the less developed countries with their mode of economic intervention in distressed countries have not yet been solved. And unless the present mode and strategies is looked into seriously by a representative international institution or organization such as the United Nations or even other regional organization such as the African Union AU, Asian Pacific Economic Cooperation APEC, Association of Caribbean States ACS, Arab League AL, Association of Southeast Asian Nations ASAN and even the Commonwealth of Nations, the Breton Woods institutions would continue to promote the economic interest of the already advanced capitalist society and their multinational cooperation. Who have no interest on the suffering of the poor countries of the global south as long as that suffering increases capital accumulation? This global or regional organization would look at the adequacies and inadequacies of the active mandates of the Breton Woods institutions as well as their conduct towards the LDCs with a view to enshrine modalities that will promote national development and welfare in the trouble countries. And not using then as a means of enriching the already wealthy capitalist societies of the global north. The onus would be on this organizations to make the Breton Woods institutions IMF and the World Bank understand as history has shown that deregulations, commercialization or privatization on its own do not and cannot bring national development and or economic prosperity. For it to work they have to be introduced incrementally and gradually, also in a controlled manner. Because some stages of national economic development cannot survive commercialization, deregulation and privatization. As history has revealed that premature capital and financial market liberalization throughout the underdeveloped or developing nations that was a vital feature of the IMF and World Bank development reform agenda for over 60 years was a major factor, not just behind the most recent economic crises but also behind the economic instability that has characterized the global market for over a significant part of a century (Williamson, 1990; Stiglitz, 2001). The liberalization or privatization if it becomes the only option for the Breton Woods institutions must be guided and protected from some unpleasant effects. Certain market pre-condition are also necessary for liberalization. In order to avoid a repetition of the Ghana situation after the liberalization, deregulation and privatization of the mining sector. Finally, there must be social programmes to deal with the inevitable social problems that emanates from privatization process. Since it has become evidence that the Breton Woods ideology of development has itself become a problem to development as a result of the contradictions between the latent and the manifest functions.

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