

Governments

National governments are major players in the global economy. National governments exert their influence through national policies and membership of major international organisations. They influence the transfer of capital to developing countries in a number of ways including: tariffs, quotas and regulations with regards to imports, taxation and regulations affecting the work of NGOs abroad, the number of foreign workers allowed into a country thus impacting remittances, taxation and regulations affecting investment abroad in companies and individuals and lastly advocacy of multinational institutions.

IMF

The IMF and the World Bank were brought into being at a conference designed to plan a new economic structure for the post-war period held at Bretton Woods, New Hampshire, USA in 1944. The role of the World Bank was to assist in the funding of reconstruction in the countries decimated by the war, while the IMF would ensure that the process would take place in a stable economic climate. A country running short of foreign currency reserves that it needed to maintain its currency exchange rate could turn to the IMF for help.

While the IMF focuses primarily on the international financial transactions of a country, the World Bank deal mainly with internal investment projects, for most recipient countries lending is at market rates of interest. However in 1960 a branch of the World Bank known as the International development Association was formed to lend only to nations with a very low per capita income. For such counties, loans are interest free and allow long repayment periods.

There are critics of the World Bank and they argue that rather than helping recipient countries, the loans pushed many into further debt, with new loans often being used to pay off old ones. Also that recipient countries were more likely to experience a drop in per capita wealth than to achieve significant economic growth. Furthermore, critics claim that conditions attached to the World Bank loans have crippled economic growth in recipient economies, hindered development, promoted dependence and increased poverty.

WTO

The World Trade Organisation started off as the General Agreements on Tariffs and Trade in 1947 with the aim to lower the barriers to trade with free trade as its conceptual objective. In 1995 it became the WTO which was set up as a permanent organisation with far greater powers to arbitrate trade disputes.

The WTO has had huge successes, in 2008 tariffs were only a tenth of what they had been in 1947 and world trade was increasing at a much faster rate. However in some areas protectionism is still alive and well, particularly in clothing, textiles and agriculture. The WTO exists to promote free trade, but the fundamental issues is: does free trade benefit all those concerned or is it a subtle way in which the rich nations exploit their poorer counter parts?

Critics of the WTO accept that free trade does generate wealth but they deny that all countries benefit from it. Oxfam is a major critic of the way the present trading system operates and instead promote fair trade.