

POLITICAL SCIENCE

PAPER - II (SECTION - A)

QUESTION : 02

The IMF and WTO play significant role in regulating global financial regimes. Evaluate the impact of IMF and WTO policies on the economics of the developing nations. How do these organizations contribute to both globalization and the perpetuation of economic inequalities.

INTRODUCTION:

The international Monetary fund and World Trade organizations are important financial institutes emerged from the Bretton Wood System in 20th century. However, in the emerging new world, these play an important role in the financing of different countries. These not only give assistance to developed nations, but also to the developing nations. Through the finances, these contribute in providance of proper finances along with conditions to developing nations, that help them in

regulating their economy and strengthen their bonds with other nations in relative to progress. These organizations contribute in financing and globalization, yet it also enhances inequalities among different nations.

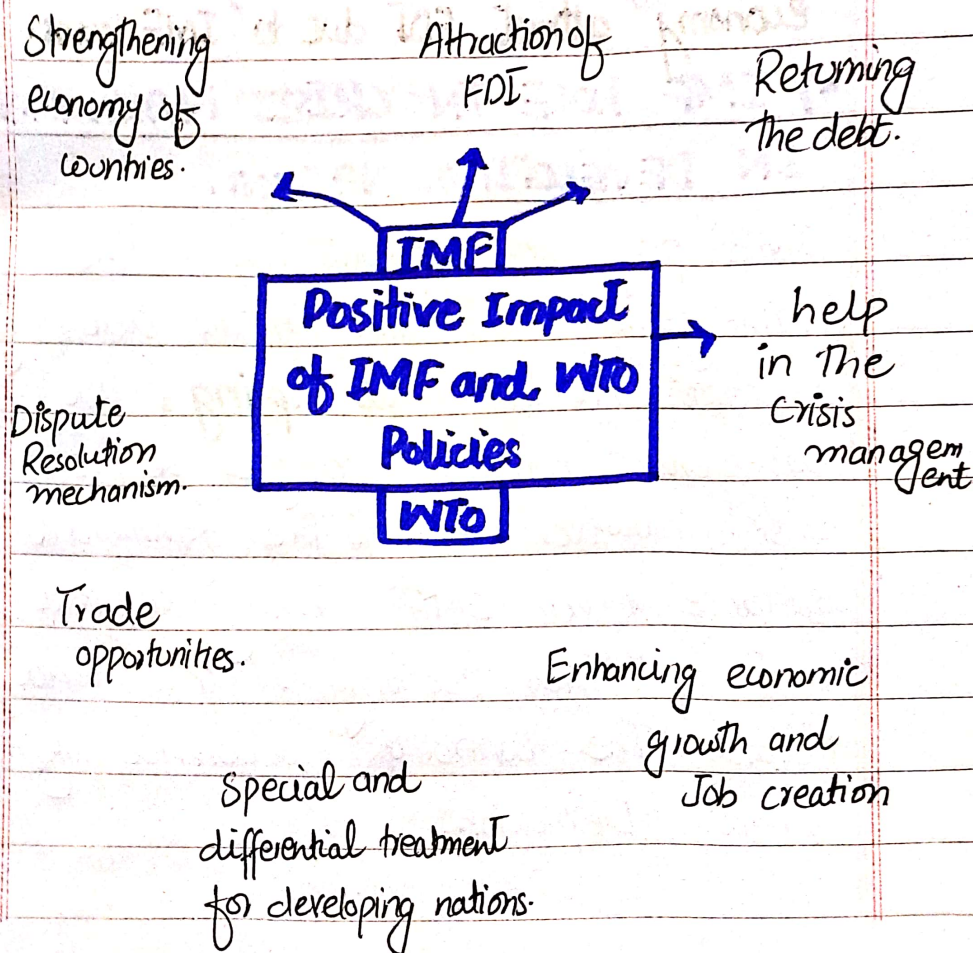
IMF and WTO ROLE IN REGULATING GLOBAL FINANCIAL REGIMES:

IMF and WTO play an important role in the global financing. The basic purpose of creation of these institutions is to provide financial assistance along with their conditions. The emergence of these not only benefited the developed nations, but also the developing ones. As concerned to Pakistan took loan from IMF in 2024 of about 7 billion \$. This was not only the first time loan taking but since 1958, the continuity is present. Beside that, Pakistan also seek assistance from the world trade organization in related to trade facilities and finance matters. Not only Pakistan, but also countries

like Bangladesh, Nepal etc took loan from IMF and world trade organization.

IMPACT OF IMF AND WTO POLICIES ON THE ECONOMICS OF DEVELOPING NATIONS:

IMF and WTO not only provide assistance and finances to the different countries of world. Yet, they also have some negative prospectus.



1) IMF ROLE IN STRENGTHENING ECONOMY OF DEVELOPING NATIONS

IMF play an important role in strengthening the economy of developing nations by giving them financial assistance. As the Pakistan IMF loan 2024.

2) IMF ROLE IN ATTRACTION OF FOREIGN DIRECT INVESTMENT

IMF play an important role in attraction of foreign direct investment (FDI) to the developing nations. As Bangladesh's economy attract FDI due to IMF loans.

3) IMF ROLE IN CRISIS MANAGEMENT IN DEVELOPING NATIONS.

IMF play an important role in the management of crisis in the developing nations. As in Arab Spring, the different countries undergoes severe crisis. However, due to the financial assistance from IMF, many countries boost up their economy. These lead towards the control of occurrence of Great Depression.

•) TRADE OPPORTUNITIES ENHANCEMENT THROUGH WTO.

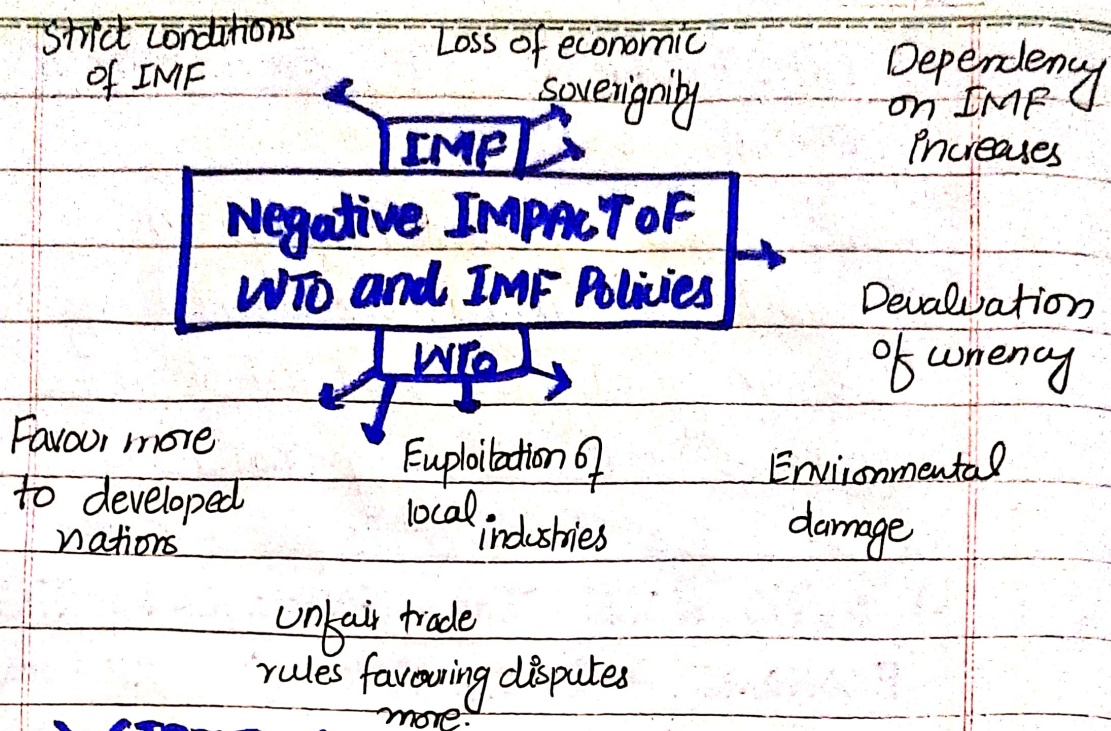
World Trade Organization plays an important role in the enhancement of trade among different countries. It provides opportunities to the developing nations to enhance trade through developed nations.

•) WTO ROLE IN ENHANCING THE ECONOMIC GROWTH AND JOB CREATION:

WTO also helps in enhancing the economic growth of different nations. However, through its assistance, job opportunities are created among different nations that help in boosting the economic growth.

•) TRADE PROTECTION OPPORTUNITIES THROUGH WTO:

WTO provides the fair trade practices not only in developed nations but also in developing nations. As concerned with that, it provides assistance to USA in its tariffs and sanctions on the developing nations.



1) STRICT CONDITIONS OF IMF.

IMF imposed strict conditions on the countries that took loan. These conditions often become harsh for the countries i.e. increasing inflation, higher taxes on public along with many others. As in Pakistan due to IMF loans, increasing the inflation rate.

2) LOSS OF ECONOMIC SOVEREIGNTY OF COUNTRIES DUE TO IMF LOAN:

Due to achieving IMF loan, the sovereignty of country became toppled. As concern with the continuous loan achieving, dependency on the IMF loans increases.

•) DEVALUATION OF THE LOCAL CURRENCY DUE TO IMF LOANS.

As The IMF loan is given in USA dollar (\$), that increases hegemony of their currency. Due to which, local currency devalues, and did not meet with international demands. As Pakistani Rupee devalues in relevance to dollar.

1 Dollar = 278 Pakistani Rupee.

•) WTO - A SOURCE OF EXPLOITATION OF LOCAL INDUSTRIES.

WTO is a source of exploitation of the local industries. As, it give rise to larger industries and neglect the local that damages to economy of a country.

•) MORE FAVOUR OF WTO TO DEVELOPED NATIONS.

WTO largely favour the developed nations as compared to the developing nations. As, it has more concern towards United States of America and EUROPEAN UNION (EU) countries.

→ WTO POLICIES LEADING TOWARDS ENVIRONMENTAL DAMAGE.

Some of the policies of world Trade organization lead towards the environmental damage. As, it has more concern to the deforestation, climate and global change along with many others.

IMF AND WTO CONTRIBUTION IN GLOBALIZATION AND PERPETUATION OF ECONOMIC INEQUALITIES.

IMF and WTO have a lot of contribution in the promotion of globalization. Through implementation of different policies. As concerned to the implementation, they enhance the global trade policies among different countries of the world. Also, these both institutions contribute to increasing finance in different countries. However, these perpetuate the economic inequalities among different countries through the difference creation among developed and developing nations. These include

more facilitation to developed nations, weak environmental protections, role of their conditions along with many others. Also, promotion of globalization through trade facilities, market expansion and structural and economic programmes.

CONCLUSION:

In a nutshell, significant role has been played by IMF and WTO in the global finance. These exerts both positive and negative impacts on the developing nations. Also, impart contradictions among different nations of developed and developing countries. They have major role in globalization and increasing economic inequalities.
