

# **A Critical Analysis of the Stand-By Arrangements of the International Monetary Fund.**

Ogan, Comban Adrien

M.Phil Law

Department of Law

Obafemi Awolowo University, Ile Ife, Nigeria

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## **Abstract:**

The controversy over the suitability or otherwise of IMF economic programmes to underdeveloped countries has been exacerbated by the unprecedented debt problems facing those countries from the 1970s onwards, with the attendant legal and socio-political consequences. Yet, the issues surrounding IMF economic policies have traditionally been left to economists, to the exclusion of lawyers, despite the important legal problems involved, and despite the emergence of international economic and monetary law as a special branch of general international law.

The present thesis makes use of the methodology evolved by this relatively new discipline to inquire into one of the most ingenious developments in international economic activists of recent times: the IMF stand-by arrangement.

As a financial mechanism, the stand-by arrangement originated from a Fund policy decision of October 1st, 1952 which achieved a long--standing U.S. dream of subjecting any beneficiary of IMF financial assistance to extensive socio-economic measures. These measures are globally known as Fund Conditionality.

Contrary to the position so far defended by the 'gurus' of the IMF, stand-by arrangements are authentic international agreements. As such, they should be registered with the United Nations Secretariat, pursuant to Article 102 of the U.N. Charter, and only an international tribunal or court should determine conclusively any question of interpretation arising from them.

Furthermore, current attempts at dragging the African Development Bank and many African countries into the IMF trap should be resisted: IMF economic policies are inadequate for solving the fundamental problems besetting underdeveloped countries. Hence, on no account should Nigeria take the much decried but yet 'impending' IMF loan.

Now more than ever is there need for the establishment of an African Monetary Fund - a step towards achieving continental monetary unity which is the only effective solution to some economic malpractices such as currency trafficking. Whether this is possible and when open questions remain, however; a century after it took place, the plague of the Berlin Conference still plays havoc on the destiny of the African Continent.

**Keywords:** International Monetary Fund (IMF)/ International law/ Economic policy/ Fund conditionality

**Supervisor:** D. A. Ijalaye.