

5SSG2044 – Development Geographies: Livelihood and Policy Contexts

Study Abroad Alternative Essay

- 4. Critically examine if poverty is a local political problem or an outcome of combined and uneven global development**

Poverty: Local or Global?

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Poverty: Local or Global?

Poverty has long been a focus in development discourse. How is it that entire populations have gone without proper access to food, healthcare, or education? Many solutions have been attempted, but none have effectively “solved” poverty. In today’s globalising world, there is still a large discrepancy in the distribution of global wealth. This has effectively separated the global system into a dichotomy by many names: the Global North and South, the core and periphery, the developed and developing world. Essentially, these labels refer to the rich and poor countries. Each of the countries within these groups face different challenges, but poverty has been written off as a Global South problem, something that is their job to fix and the North’s job to dictate and provide aid for. However, the notion of blame has not been universally defined, and thus poverty reduction strategies can often haphazardly combine strategies that may not work together. What can be seen is the workings of capitalism and neoliberalism on a global scale; the North has remained the power figure in the capitalistic relationship with the South, the necessary “working class” that allows the power structure to exist. Capitalism requires poverty as a necessary condition, and the South has yet to reap the benefits of capitalism to the point where the baseline is no longer poverty. The North has taken on the role of aiding the South in their own development efforts, but why has the influx of cash not solved poverty? In this essay, I will explore the argument of whether poverty is the issue of a country’s own innerworkings, or the reinforcement of existing hierarchical power structures that created an uneven global development network. After critical analysis, I believe that poverty is the result of an unfair global history of development.

The State of Poverty Today

It is no question that the state of poverty today has improved from the state of poverty seen fifty, seventy-five, or a hundred years ago. Developments have certainly been made, but as the world continues to modernise, the threshold for poverty has only grown a miniscule amount in comparison. Firstly, poverty is not a one-size-fits-all denotation of income, but rather a condition of livelihood. Extreme poverty refers to those living below the international poverty line of \$1.90USD per day, which described about 689 million people in 2017 (Aguilar et al., 2021). However, the threshold for overall poverty extends to about \$5.50USD per day, which means that realistically, over three billion people were poor in 2017 (Aguilar et al., 2021). Even this threshold is indicative of an extreme level of poverty, and does not encompass the adverse effects on livelihood that relative poverty can cause. This proportion is difficult to manage, especially given the distribution of poverty worldwide. These numbers are focused disproportionately in the Asias, Africa, and South America (Aguilar et. al, 2021), also known as the Global South. There are a number of indicators of poverty (food security, income, education, healthcare, etc.), and one of the more widely accepted tools for understanding how poverty encompasses these factors is the Human Development Index (HDI). The human development

index takes into account health and life expectancy, education, and standard of living via national income (United Nations Development Programme, 2020). These reflect a more holistic approach to poverty, as opposed to simply income. The relationship between the factors included in the HDI is cyclical, all having impacts on one another.

Development theory is wide-ranging. As development is not one static issue, the approaches to it as well as its solutions have changed over time. The two development theories relevant here are modernization and the dependency theory. The theory of modernization, developed largely by Walt Rostow, equates modern societies with rationality, engagement with urbanisation, and an entrepreneurial spirit (Potter et al., 2012)—and thus posits that less developed countries are failing due to their lack of evolution by these terms. Rostow's modernization theory is broken down into five stages of a developed society: a “traditional society, preconditions for take-off, take-off, the road to maturity and the age of mass consumption” (Potter et al., 2012). The main takeaway from Rostow's theory is that the inability for the Global South to develop is seen as their own rejection of modernity, and that their values do not align with what developed countries have found success in. This theory could broadly be associated with the argument that poverty is a local problem, as it is the country's job to keep up with modernity. Dependency theory, on the other hand, focuses on the relationships between rich as poor countries, and the ways in which their inequity keeps the Global South subordinate to the economic growth of the North (Reid-Henry, 2012). That is not to say that poverty and underdevelopment is impossible or that developing countries are helpless, but rather that the road to solving poverty must first begin with an acknowledgment of the power imbalance and then continue to account for those imbalances. This theory acknowledges and is more closely aligned with the idea that external forces affect poverty in the Global South as a result of a long and arduous history.

Local Contexts

To determine what exactly is to blame for widespread poverty, local political contexts must be analysed to determine how they impact the conditions in which people live. The local political and social conditions that impact poverty in specific countries may include their type and efficiency of governance and the most prominent types of industries in their economy.

Social, political, and environmental infrastructure have multiple impacts on local poverty. In order to promote the inclusion and participation of the poor in society, “effective urban governance requires a system of institutions, representation and administration at the city-level that results in a unified vision for city development” (2010, p. 47). A lack of effective institutions like healthcare systems or schools make it nearly impossible for the poor to escape a cycle of social exclusion. As well, basic ecological infrastructure like roads, bridges, sanitation systems, and safe housing pose risks—poor people are more prone to devastating effects of natural disasters, and communicable diseases (Ali and Pernia, 2003).

However, good governance (or a lack thereof) is where issues like infrastructure go wrong. Governance can impact a country's security and quality of life in terms of conflict prevention or growth opportunities, and having a lack of diversity within the economy can limit economic growth on a scale that would improve poverty. The Department for International Development's synthesis report titled "The Politics of Poverty: Elites, Citizens and States" outlines how governance can influence poverty. Countries with a politically unstable or corrupt government have the power to destabilise development efforts. For example, a government with a corrupt relationship to political parties or groups may threaten stability for citizens by foregoing their responsibility to the social contract (2010). This can result in violence, and disruption to important social institutions that counteract poverty such as schools, banks, etc. For example, Afghanistan's highly centralised government contributed to corruption and a lack of accountability, as well as excluded participation from Afghans, hindering their development (Shah M., 2021). The aspect of modernization that sees poor governments as simply failing to effectively handle public affairs might view decentralisation as a way to combat poverty. Poor fiscal policy as a result of government corruption also harms the poor, and a system of tax avoidance by elites and the rich increase income inequality and cost poor people their access to welfare programs (Gupta, Davoodi, and Alonso-Terme, 1998).

The makeup of a country's economy can also build or hinder the alleviation of poverty. It has long been argued that economic growth is the key to reducing poverty through the lens of neoliberalism. The economies of rich countries are often made up of a diverse array of sectors, namely the service sector, that promote a stable influx of cash for output. However, many developing countries still rely on agriculture and manufacturing—while the manufacturing sector can provide jobs and job security as well as grow exports (Gill, 2021a), it can still limit poor countries to one form of export income. China has the world's largest manufacturing economy, but by the United States' (country with comparable GDP) 2011 poverty line of \$15.77 per day, hundreds of millions of Chinese people are still considered poor (Gill, 2021b). Economic diversification in some developing countries may also be made difficult by the nature of the resource curse. The resource curse broadly refers to the tendency of resource-rich countries to be poor, corrupt, and subject to conflict (National Resource Governance Institute, 2015). Many of the most resource-rich countries are sprinkled throughout Africa, Asia, and South America (Yglesias, 2014)—the Global South.

Governance can fail to overcome the resource curse. Firstly, according to Stewart Patrick, the fact that so much of the country's revenue is generated from resource extraction means there is no need for accountability (2012). Citizens may put pressure on their governments to increase public spending, but there is no real incentive outside of presumed responsibility. Secondly, the "Dutch disease" that refers to the phenomenon where high revenue activity makes competition among other industries essentially moot, can harm developing countries that do not have a diversified economy (2012). Lastly, wealth associated with resource-dependent economies can cause conflict through the financing of rebel groups or the pushback of citizens left out of wealth distribution (2012). All of these mishandlings and a lack of clear, effective resource management

strategies are some ways that local politics can negatively impact poverty and development, both directly and indirectly.

Bad governance is also made abundantly clear through the unsuccessful attempts at using international aid to alleviate extreme poverty. Billions of dollars are transferred to developing countries each year, so why have they been unable to eradicate poverty? Some believe that aid only makes countries dependent, and while one-dimensional, this argument can hold up to the fact that aid is often not employed well enough to become an economic-kickstart. For instance, China was able to combat widespread extreme poverty without such large aid flows, yet Sub-Saharan Africa has received billions and has yet to see the same progress (Lyons, 2014). While there is work to be done in terms of the structuring of aid flows, it is feeble due to some of the levels of corruption seen in parts of the Global South. When there is little to no accountability for how aid is spent, it is not spent adequately to support poverty reduction strategies or infrastructure building (Lyons, 2014). Instead, it may align more with aforementioned grabs for power, i.e. military spending. Economic aid from Official Development Assistance, bi- and multilateral aid may include some terms for spending (Bazilian, 2020), but in countries without a proper governance infrastructure or where corruption has bled into multiple sectors, this can quickly go awry. Corrupt governments also offer little opportunity for the participation of stakeholders, like poor citizens, effectively erasing them from the spending decisions. This could contribute to further conflict or civil unrest, in turn contributing to even more devastating poverty—corruption presents a cycle, and while the global community tries to install new “democratic” political leaders instead of working with countries to build an entire democratic system, aid will continue to be unsustainable in eliminating poverty.

Global Contexts

Dependency theory largely exists as a result of a history of colonialism, exploitation, and consequences of unchecked capitalism. The Global North is made up of a number of former colonial and imperial powers, and the Global South former colonies. The Global North was also able to take advantage of processes such as industrialization, and defined the bounds “modernization” as according to Rostow. The results of colonialism were broken institutions and the installation of preference for Western ideologies and practises (Acemoğlu and Robinson, 2017), and the beginning of a cycle of long-running exploitation of the Global South while the Global North began using their power to shape the global economy. Colonialism is not the only cause for uneven development, as capitalism has also had varied effects on the developing world.

Some of the local political challenges to poverty that developing countries face are, in part, due to uneven global development processes. One major way this is seen today is through the resource curse. While resource management failures by individual countries are at play, the resource curse has colonial origins and has been shaped by post-colonial influences in the global economic system. For example, as noted by ROAPE, the resource curse has been described as the continued “pillaging” of African resources (2017); if many countries in Africa must rely on

their natural resources as their biggest source of income and economic power, this is likely a result of the failure to overcome the consequences of colonialism in a neo-colonial world. As well, natural resources are prone to market volatility as the price of rents fluctuates so easily (Lashitew and Werker, 2020), leaving resource-rich countries to the whims of economic forces and depreciating their currencies.

While governance in these countries is subject to their own autonomy, the pressures placed by the global political economy and its history have certainly not always contributed to their development. Another, arguably contested, impact of colonial and neocolonial development history is that the political instability in developing countries was a long-term effect of the process. Cheeseman and Fisher break down these contributions and note that colonial powers installed central authority figures, and essentially bestowed power to those who were willing to cooperate; this created a long-standing power struggle within some colonised countries (Cheeseman and Fisher, 2019). Colonists purposely swore off their potential to develop a democratic system, but of course, that would endanger their own power. Since, it has been the goal of developing countries to assert power and gain legitimacy in the eyes of neocolonial powers and the global system, pressuring them to engage in corrupt activity so as to counteract the state they were left in. Power struggles do not leave much room for poverty, as a corrupt government is likely going to focus policy decisions and spending on economic growth and power. This can be seen in the mismanagement of natural resources, as they can be abused as a grab of power by corrupt governments or by rebellious groups that threaten the livelihoods of citizens.

The debt crisis and structural adjustment programs are failures of development by and large. Structural adjustment programs, or SAPs, were widely regarded as failures, given the harms they induced as opposed to the goals they were meant to achieve. As noted by A. Shah, SAPs were constructed as a system of loan requirements offered to developing countries by the World Bank and the International Monetary Fund (IMF), intended to Westernise and modernise developing countries (2013). However, the effects they had in practice were devastating—neoliberal ideology implies a decreasing social welfare spending with priority towards economic growth policy, and thus for developing countries to meet their loan repayment terms, they put poverty reduction on the backburner (2013). SAPs were a staunch remnant of neo-colonialism, as the attempt to Westernise the Global South left them unable to tackle the challenges facing development. The debt crisis resulted from hiked oil prices decades ago, and resulted in lopsided borrowing of developing countries—and when their own export demands fell, they were forced to default on those loans (Brooks, 2017). The developing world owing trillions in debt, while already facing economic development challenges, has and will continue to contribute to their lack of progress in poverty reduction.

Conclusion

Poverty is widely known as the biggest and most important indicator for development, given that it informs almost everything else: health, education, employment, etc. Theories of modernization and dependency exist to attempt to provide a causal pathway, explore the complexities, and offer solutions for the world's development failures. It is clear that both local conditions and global contexts provide context for the inability to end poverty. Government corruption can lead to ineffective institutions, which generate harmful outlooks for the poor. Diverse economics allow for diverse flows of income, but mismanagement of main wealth revenues such as natural resources have proven to be a cursed determinant for the development of the Global South. Meanwhile, the impacts of colonialism and the influence of neocolonialist structures cannot be ignored, as some of the political instability seen in the Global South today are remnants of a colonial footprint. The resource curse can be traced back to colonialist, capitalist histories as well. In this same light, the influence held by the Global North is prominent in their push to "modernise" and restructure, yet again, the Global South through SAPs with detrimental effects on poverty outcomes. It would be fair to say that both of these theories hold truth, but given that some of challenges to poverty faced by the Global South could have been positively changed, or even avoided altogether, through a more equitable development process and that the forces of the global political economy has and likely will continue to hold power over development futures, the uneven distribution of poverty is more than developing countries could have fixed on their own.

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