

Can the Bretton Wood Institutions stamp out poverty?

For the World Bank, the International Monetary Fund (IMF), and the World Trade Organization (WTO) (the Bretton Woods Institutions) the maximization of world trade and the economic development that this promotes is the key to the stamping out of poverty and all the other forms of deprivation that it is seen as giving rise to. However, since shortly after World War II when world trade and economic development became the overriding goal of governments throughout the world, trade has increased by nineteen times and development by no less than six times, an unprecedented performance. It must follow that if trade and in particular development really provide the answer to world poverty, then *ce fléau* should now have been reduced to little more than a faint memory of our barbaric and underdeveloped past. However, the opposite is true. In Indonesia poverty has increased by 50% since 1997, in South Korea it has doubled during the same period, in Russia, it rose from 2.9% to 32.7% between 1966 and 1998 alone. (1) Much the same thing has happened throughout South America as well as the Caribbean, and even more strikingly in the rich industrial world, as is pointed out by a recent International Labour Organization (ILO) report, where 37 million people are now unemployed, a 100 million are homeless, and nearly 200 million have a life expectancy of less than 60 years. Even in the UK, the country that invented industry and that dominated the economic scene for decades, the number of adults in households with less than half the average income (which is the preferred measure of poverty used in that country today) – has increased by a million above the level in the early 1990s and is now more than double the number in the early 1980s. (2)

Rather than admit that they have got it all wrong, the heads of the Bretton Woods institutions insist that economic development is still the only possible solution and intimate that if poverty is still increasing it is because there simply has not been enough of it. Vinod Thomas, Vice President of the World Bank's Education arm, states that "to reverse this trend economic growth is crucial." He takes South East Asia to be the model. "If sub-Saharan Africa had followed that model in the past three decades, living standards would have quadrupled instead of barely standing still, and

poverty would have fallen not risen.” (3) He does not mention, of course, that poverty has also increased in South-East Asia during the same period, only the elite profiting, and temporarily at that from an economic boom that was little more than a bubble, and one that has now been well and truly pricked.

However, today’s poverty is as nothing compared to what it will be when the World Trade Organization’s cynical policies are fully implemented. Consider the effects of two of them. The first is that of forcing Third World countries to open up their markets to highly subsidized US food products. There are not far off two billion small farmers in India, China, Indonesia, Thailand, and other parts of South and Southeast Asia, where the average farm size is only a few acres. Few are likely to survive the opening up of their markets – few too of the artisans, small shopkeepers and street vendors who depend entirely on the farming community. Most of these unfortunate people will be forced to seek refuge in the slums of the nearest conurbations and, without land on which to grow their food, without jobs - as the level of unemployment in these slums is already horrific - and without any unemployment benefits, they will be reduced to a state of total destitution.

But the overriding contribution of economic development to the growth of world poverty must be the generation of ever greater amounts of greenhouse gases that cause global warming – which is by far and away the greatest problem humanity has ever faced. Indeed, if we do not rapidly put this process into reverse much of our planet will soon be largely uninhabitable with ever worsening heat waves, floods, droughts, storms, and sea-level rises, giving rise to vast migrations of impoverished and half-starved refugees across the surface of our planet. If we still do nothing about it - and what has to be done necessarily requires putting many developmental processes into reverse - we will have effectively eliminated poverty by virtue of the fact that our planet will have ceased to be able to support complex forms of life. (see special issue of *The Ecologist* on climate change). So much for the WTO’s war against poverty.

What is poverty?

But first let us look more closely at the concept of poverty. Unfortunately the term poverty - like most of those used in serious discourse has never been properly defined. International agencies which have been set up to deal with the world's growing problems tend to define them in such a way as to make them appear amenable to the "solutions" that it is their role to provide, and which, among other things, justify their existence. The Bretton Woods institutions, as it happens, were set up specifically to serve as the tools for the implementation of the policies decided on at the Bretton Woods conference of 1994. This means that their role is to create an ever-expanding market for the goods and services provided by Western, mainly US, corporations, as well as a continually expanding source of cheap labour and cheap raw materials. It is this process of economic imperialism, designed specifically to serve as a substitute for the by then clearly defunct political imperialism of the previous seventy years, that President Truman was the first to refer to as 'development', and it is the Bretton Woods institutions that are spearheading it. Not surprisingly, for the World Bank, poverty is equated with "underdevelopment", which means that by definition only development can provide the remedy. Development itself is measured in terms of the growth in per capita income, and the poor are defined as those who have a very low per capita income – generally one of less than two dollars a day, while the very poor are those with one dollar or less a day. Originally countries were defined as poor if the per-capita income is less than a hundred dollars per annum. What we must realize however is that by defining poverty in purely monetary terms, it is assumed that money is the requisite for satisfying real needs, regardless of the sort of society that people live in.

Exactly the same thing can be said for the way the specialised institutions of the United Nations define poverty. Thus for UNESCO, whose role it is to promote cultural activities throughout the world, a country, is defined as poor, as Majid Rahnema notes, if it has "a percentage of illiterates above a certain figure", and if the number of "radios, books, or newspapers" is below a certain level. Of course, these artefacts must be bought. If they are distributed without any money changing hands then they do not count. In this way this institution can persuade itself that its work contributes to the elimination of poverty.

For the World Health Organization (WHO) it is of course “the number of doctors, nurses, and health centres” that is determinant. (5) Poverty does not thereby measure the poor health status of a country’s inhabitants but the devices that have been set up in the formal economy for improving it – however ineffective they might be. For the Food and Agricultural Organization of the United Nations (FAO) it is, needless to say, per-capita food production, and significantly food produced and eaten by those who produce it, or sold in small informal markets in Third World villages, is not taken into account – only that which is actually sold within the formal economy. Much of this is unfortunately exported, again, in accordance with IMF and WTO regulations, and a government can only be exonerated from doing so if it can prove that the food is desperately needed at home as its people are actually starving.

Development creates poverty

We have seen that development involves opening up markets and making available cheap labour and cheap raw materials to Western industry. That is the economic aspect of development. But as Karl Polanyi, the great economic historian, noted, a market economy can only exist in a market society, which means that development means social as well as economic transformation, and this involves above all disembedding from their social context and commodifying and monetizing, functions that have hitherto always been provided for free via the normal functioning of traditional families and communities. We tend to forget that in the traditional communities in which we have hitherto lived, settlements have always been designed, houses built, food produced, prepared and distributed, children reared and educated, the old and the sick cared for, religious ceremonies organized and performed, and government functions assured, without any money changing hands. All this activity, which we would regard today as being of a purely economic nature, was not undertaken with any economic ends in mind but in order to satisfy kinship obligations or to acquire social prestige. The economy, as Karl Polanyi put it, was thus embedded in social relations, whereas in the society we live in today it is what remains of our society that is increasingly embedded in economic relations. (6)

But were people living in such conditions really worse off as a result? In my opinion they were not – very much on the contrary, their real needs, which we have not yet correctly identified, were almost certainly better catered for and in an incomparably more sustainable way. What we know is that people certainly did not suffer from any cultural deprivation, as is implied by UNESCO’s definition of poverty. On the contrary, their cultural life, as any anthropologist will tell you, was incomparably richer than is our own. Nor were they any the less healthy or less well-fed, that is until their cultural patterns were disrupted by colonisation and later by economic development and their natural environment destroyed.

R.R. Thaman of the University of the South Pacific, for instance, points out that prior to European contact, the islanders of Melanesia, Polynesia, and Micronesia, generally had abundant food resources, and were almost universally reported to be a sturdy, healthy, people of superior physical type. Even those atolls and raised coral limestone islands where food was relatively scarce “had abundant bread-fruit, coconuts, pandanus, often taro, a variety of edible wild plants and rich marine resources.” Recent years, however, have seen a dramatic deterioration in the health of Pacific islanders. The growing trend towards eating a western-style diet has brought in its wake a rise in the incidence of the so-called “Diseases of Civilization”, notably heart disease, dental caries and diabetes – diseases that were almost unknown a few decades ago. In Micronesia the number of people who were treated for heart disease at local hospitals tripled between 1958 and 1972 – a rise which is best explained by changes in diet and by the stress of modern living. (7)

Much the same is even true of the Kung Bushmen of the Kalahari, who are today regarded as the poorest of the poor, as is pointed out by the anthropologist Richard Lee, (8) who devoted much of his life to the study of these people, and indeed by other anthropologists who have studied other hunter-gatherer groups elsewhere in the world.

Early travellers in distant lands have come to a similar conclusion. Thus Mungo Park, in his “Travels in Africa”, tells us that the Gambia river abounds with fish and that nature “with a liberal hand” has bestowed on the inhabitants of the area...” the

blessings of fertility and abundance.” (9) Poncet and Brevedent, two eighteenth century French travellers, noted that the Gezira area of the Sudan now occupied by eroded cotton fields, was once covered in forests and “fruitful and well-cultivated plains”, and that it was called God’s Country (Belad-Allah) “by reason of its great plenty.” (10) Nor is there any reason to suppose that the Australian aborigines, who like the Bushmen, are seen today as the poorest of the poor, were ever short of food. Sir George Grey, Governor General of New Zealand in the early part of the 19th century, spent time among them and insisted that he always found the greatest abundance in their huts.

In other words, tribal people did not require economic development and the money that it provides in order to be healthy and well fed – and to that extent at least – to rescue them from anything called poverty. The contrary is true, and it has been true just about everywhere.

Poverty and shortage of material goods

Even then, it could still be argued that primal people were poor because they did not have the money with which to acquire material goods. Thus John Lilley, a Minister in the last Conservative government in the U.K., announced that Britain had conquered poverty because never did more people in this country possess a refrigerator, a television set, and a motorcar. . But material goods are only needed in the sort of society we live in today. They had little role to play in the life of primal people, especially those living the nomadic or semi-nomadic life that most tribal peoples once led. Thus, when Lawrence Van Der Post wanted to give a present to Bushman friends with whom he had sojourned as a token of his gratitude for their hospitality, he simply did not know what to give them. “We were humiliated”, he writes, “by the realisation of how little there was we could give to the Bushmen. Almost everything seemed likely to make their lives more difficult for them by adding to the litter and weight of their daily round.” (11)

Primal people were not poor

What is important is that these pre-industrial people did not feel that they were poor. They did not suffer from any particular form of deprivation that could sensibly be classified as poverty, a point of that is made very clearly by Marshall Sahlins in his much quoted paper “The Original Affluent Society”

“Les humains appartenant aux diverses sociétés pré-économiques » il écrit « avaient souvent très peu de ‘choses’ mais rares étaient les personnes qui se considéraient comme pauvres. Ce que l’on qualifie aujourd’hui de ‘pauvreté’ est bien ‘une invention de la civilisation’ (Marshall Sahlins) (12)

Helena Norbert-Hodge, who has spent much of her time over the last thirty years in Ladakh, a Tibetan society high up in the Himalayas that is politically part of India, and which until recently was largely cut off from the outside world, fully agrees with Marshall Sahlins.

« En 1975 » she tells us « un jeune Ladhaki me fit visiter Hemis Shukpachan, un village à l’écart. Toutes les maisons me semblaient particulièrement spacieuses et belles, et quand j’ai demandé à Tsewang de me montrer celles des pauvres, il a paru perplexe et m’a répondu qu’ils n’avaient pas de pauvres. Huit ans plus tard, je l’ai entendu dire à des touristes : ‘pourriez-vous nous aider ? Nous sommes pauvres au Ladakh.’ (13) They had indeed been pauperized by the recent economic development that had already devastated their society and its natural environment and created the many new and totally artificial needs which for most people could never conceivably be satisfied..

No word for poverty

Serge Latouche, who has worked for decades among the mushrooming slums of the cities of West Africa, tells us in his enlightening book “L’autre Afrique”, (page 99) that:

«.....il n’y a même pas de mot dans les principales langues d’Afrique noire pour désigner le pauvre au sens économique du terme. « Les mots que l’on utilise le plus souvent pour traduire *pauvre* signifient en réalité ‘orphelin’. Il est remarquable que dans toutes les circonstances de la vie courante, les références à la misère ne renvoient pas immédiatement au manque d’argent mais à l’absence de soutien social. (14)

Pour Werner, selon Latouche, être orphelin en Afrique, ‘est probablement le pire statut qui se puisse concevoir, car comme le dit un proverbe serer : ‘L’homme, c’est sa parenté.’ (15) Cette situation se retrouve au Mali parmi les Bambara, la pauvreté se dit *faantanya*, mot à mot : ‘sans puissance, sans pouvoir’. Latouche cite Chantal Verger qui nous dit que « Les *faantan* se sentent rejetés à la périphérie » ils ont perdu toute assise sociale, en premier lieu duquel une famille. » (16)

Latouche notes that our idea of poverty is only conceivable in an individualistic society such as that which economic development necessarily gives rise to. He writes « La pauvreté présuppose toujours la confrontation de l’individu isolé face à son impuissance. Dans une société non individualiste, le groupe est tout entier riche ou pauvre.....Cela contribue à montrer que la pauvreté économique est bien une invention occidentale, non seulement du fait qu’elle a créé de nouveaux besoins matériels sans les satisfaire mais parce que l’intrusion de l’Occident a touché au système de valeurs qui sous-tend les pratiques sociales des anciens temps. (17)

Even in modern industrial society a large proportion of those who are actually classified as poor are those with minimal family support. These would include the increasing number of old and impotent people who have been largely abandoned by their families and have thereby become dependent on a miserable state pension which is hardly sufficient to keep body and soul together. It also includes many single parents and their children. As early as 1974 Urie Bronfenbrenner, the well-known child psychologist, pointed out that of “a number of children in the USA living in poverty under the age of six, 45% of them were members of single parent

households” (18). Since then the situation has become very much worse. The number of children living in poverty in England in the year 2000 has more than trebled since 1968 from 1.4 to 4.4 million in Britain today, and not surprisingly the number of lone parents has also nearly trebled during the same period. (19)

It is in the slums of the modern industrial cities that social disintegration is most advanced, and this gives rise to a form of poverty - social and cultural deprivation - which is almost entirely absent in traditional societies, and which in some ways is even less tolerable than that which exists in the slums of Third World cities like Calcutta.

As Robert Wurmstedt puts it “The poverty in the black Puerto Rican neighbourhoods on the west side of Chicago is worse than any poverty I saw in West Africa. The people there are guided by strong traditional values. They do not live in constant fear of violence, vermin, and fire. We don’t find the same sense of desperation and hopelessness that you find in the American Ghetto.” (20)

Conclusion

I do not believe that any serious person who is aware of what has been the impact over the last fifty years of economic development and its globalization on our society and its natural environment, can really believe that this process can continue for much longer. Even the authors of the United Nations report for 2000 entitled “Global Environment Outlook” admit that “Le présent cours des choses n’est pas durable, et nous ne pouvons différer l’action » (21).

Neither our industrialists nor our politicians seem to be the least bit concerned by such oft-repeated warnings. Thus bien que le nombre d’automobiles en utilisation dans le monde soit passé de quelques milliers en 1900 à 501 millions aujourd’hui, automobile manufacturers are quite determined to build hundreds of millions more to satisfy the growing demand for them in China alone.

Par ailleurs, as Retallack points out « le fret aérien a presque triplé de 1985 à 1997, passant de 44 milliards de tonnes kilomètres en 1985 à 123 milliards en 1997, soit 280% d'augmentation. Malgré ceci Boeing prévoit un nouveau triplement d'ici l'année 2017. (22) Sir John Browne, Head of British Petroleum, has stated quite explicitly, that the amount of oil used in the next ten years will exceed all the oil consumed in the first five decades of the last century.

Of course, they are all living in a world of their own, as are our politicians and the leaders of the international agencies – in particular the Bretton Woods institutions, the World Bank being one of the principal funders of oil and coal-fired power stations throughout the world. They must be rapidly brought back to earth, which means that they must face the inescapable fact that if we are to have any future on this planet, let alone reduce or eliminate poverty, we must totally change directions and put economic development into reverse. This means committing ourselves to a carefully integrated and synchronized programme of dedevelopment – and hence decolonisation and partial demonetisation.

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