

## Why development creates poverty

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*Development is not only failing to meet its aims to eliminate poverty, EDWARD GOLDSMITH writes, it creates poverty and destroys the environment. Traditional, non-monetary societies were usually well fed, and healthy, until their cultural patterns were disrupted by colonisation, and economic development, and the natural environment destroyed. Functions we regard today as economic were previously fulfilled freely for social rather than economic reasons. We must reverse policies causing environmental decline or the planet will become uninhabitable.*

Despite its devastating effects on societies and the environment, economic development remains the main objective. International agencies, governments, and transnational corporations, its main beneficiaries, continually promote it, claiming only development and the global free-trade that fuels it can eradicate poverty. Hardly anyone in authority seems willing to question this thesis, yet it's not supported by any empirical, or any serious theoretical evidence.

Economic development got under way shortly after World War II. Since the 1950s, world trade has increased 19 times and global economic activity increased six times - an unprecedented performance. If these processes really provide answers, world poverty should by now be reduced to little more than a faint memory of our barbaric, under-developed past.

But the opposite has happened. In Indonesia, poverty has increased by 50 percent since 1997, in South Korea it has doubled during the same period, in Russia, it rose from 2.9 percent to 32.7 percent between 1966 and 1998. [1] As the International Labour Organization (ILO) notes in its 2000 report, much the same has happened throughout South America as well as the Caribbean. Shockingly, the ILO reports the poorest 20 percent of people's income fell from 2.3 percent to 1 percent, *i.e.* by more than half between 1960 and 1997. From 1995-2000, the number of people living in extreme poverty around the world, increased by 200 million, mainly in sub-Saharan Africa, Central Asia, Eastern Europe, and South-East Asia. [2]

Strikingly, poverty also increased in the rich industrial world, where unemployment between

1997 and 1998 more than doubled, rising from 2.8 percent to 6.3 percent for men and from 3.2 percent to 7.4 percent for women. [3] Significantly, long-term unemployment, defined as unemployment lasting one year or more, has in many countries gone up much faster than total unemployment. In Sweden for instance it has risen from 5.5 percent of total unemployment in 1980 to 20.6 percent in 1997. [4]

A press release in August 2004 from the U.S. Census Bureau notes 35.9 million people live below the poverty line in the U.S. including 12.9 million children and the poverty rate rose from 12.1% in 2002 to 12.4% in 2003. Even in the U.K., the country that invented industry and dominated the economic scene for decades, the number of adults in households with less than half the average income (the poverty measure used in the U.K), has increased by a million above the level in the early 1990s and is now more than double the number of the early 1980s. [5]

These facts should be enough for reasonable people to discredit the idea of development being the only means to eradicate poverty. But for promoters of development it merely indicates development has not proceeded fast enough. They are incapable psychologically of questioning the fundamental tenet of today's secular religion. Vinod Thomas, Vice President of the World Bank's Education arm states: "*to reverse this trend, economic growth is crucial.*" He takes South East Asia as 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.*" [6]

He does not mention, of course, that poverty has also increased in South-East Asia during the same period, only the *élite* having profited, and temporarily at that, from an economic boom that was little more than a bubble, now well and truly pricked.

Significantly, poverty is not seen as an isolated problem, but as the cause of all our other problems. Thus the Food and Agricultural Organization of the United Nations (FAO), insists if people are hungry it's because they are poor and can't afford to buy the food they need, while the World Health Organisation (WHO) assures us if people are disease-ridden and die young, it's because they are poor and can't afford medicines to make them healthy. The answer to both hunger and disease is therefore poverty eradication - hence more development. Thus poverty is equated with "under-development," [7] which means only development can eradicate it. In the economic conditions we live in today this is probably true, but we must realise, by defining poverty like this, in purely monetary terms, it is assumed money has always been, and always must be a requisite, as it clearly is today, for satisfying real needs.

Many people believe this, because we are educated to look at today's increasing problems with the perspective of the short, totally aberrant experience of the industrial society we live in, which we are told is the norm. What then is development? Why does it create poverty?

We tend to forget that in traditional families and communities in which humanity lived for probably 95 percent of our tenancy of this planet, settlements were designed, houses built, food produced, prepared and distributed, children reared and educated, the old and the sick cared for, religious ceremonies organised and performed, government functions pursued - all entirely for free.

This was possible, as Karl Polanyi, the great economic historian, pointed out, because in such societies: "*the economy was embedded in social relations.*" [7] All the functions we regard today as economic were fulfilled for social rather than economic reasons, mainly to satisfy kinship obligations and achieve social prestige. Development changes all this. It's above all about the gradual excising from their social context, all the functions previously freely provided, and their monetisation and takeover by the state and corporations. We have been taught to see this process as one of the acceptable costs of progress. Sadly, few seem to have considered its real implications.

It's easy to see the first consequence of such development, is a large section of society will be unable to acquire the money to pay for food, shelter,

and other necessities of life, which have been monetised but were previously given freely in the normal functioning of families and communities. On these grounds alone, development can only create a large number of poor, deprived people, and their numbers can only increase as development proceeds and even more so as it is globalised.

We have been trained to believe pre-industrial people living in non-money economies were poor - but this is not true. These people had a rich cultural and ceremonial life, and on the whole lived in a relatively unspoilt environment. They were also usually well fed, and perfectly healthy - until their cultural patterns were disrupted by colonisation, and later by economic development, and their natural environment destroyed.

Early travellers in distant lands always noted how healthy and well-fed traditional people were. Mungo Park, in his *Travels in Africa*, reports 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.*" [8] Poncet and Brevédent, two 18th century French travellers, noted the Gezira area of the Sudan now occupied by eroded cotton fields, was once covered in forests and "*fruitful and well-cultivated plains,*" called God's Country (*Belad-Allah*) "*by reason of its great plenty.*" [9]

Nor is there any reason to suppose Australian Aborigines, who 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 he always found the greatest abundance in their huts. Many modern anthropologists have noted how healthy and well-fed tribal peoples were, and how their diet and state of health deteriorated as soon as they adopted the life-style of their colonisers. Professor R. R. Thaman of the University of the South Pacific, 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 best explained by changes in diet and by the stress of modern living."* [10]

Countless other studies in the Pacific islands and other parts of the world paint the same picture. [11] Tribal and other traditional people did not require economic development and the money it provides in order to be healthy and well-fed. Most significantly, the World Bank's 2001 edition of World Development Indicators (WDI), shows Cuba tops all other poor countries in health and education statistics despite "anaemic" economic growth and not receiving any World Bank loans since 1960.

Even Joe Ritzen, the Bank's Vice President for development policy, is impressed. He notes the Cuban system: "*is extremely productive in social areas,*" but he can't help commenting critically that it does: "*not give people opportunities for prosperity.*" But what is the use of prosperity if it has "*a negative effect in social areas?*" [12]

Pre-industrial people did not feel poor. When Laurens van der Post, as a token of gratitude for their hospitality, wanted to give a present to Bushman friends he visited, he simply did not know what to give them: "*We were humiliated by the realisation of how little there was we could give to the Bushmen. Almost everything seemed likely to make his life more difficult, by adding to the litter and weight of their daily round. They themselves have practically no possessions: a loin strap, a skin blanket and a leather satchel. There is nothing they could not assemble in one minute, wrap up in their baskets and carry on their shoulders for a journey of a thousand miles. They had no sense of possession.*" [13] To label them as poor misses the point, for Bushmen living in their natural environment do not feel in any way deprived by lack of material goods.

Helena Norberg-Hodge, has spent much of her time over the last thirty years in Ladakh, a Tibetan society high in the Himalayas, until recently largely cut off from the outside world. When she first went to Ladakh in the mid-1950s, a young Ladakhi invited her to his distant village, called Hemis Shukpachan. She was impressed by the beauty and spaciousness of the homes. "*But where do the poor live?*" she asked. He was taken aback by this question. When she explained what she meant by poor people he shook his head. "*We don't have anybody like that,*" he answered. Today, this has changed. Ladakhis throng around the tourists asking for money. "*We are so poor in Ladakh,*" they tell them pitifully. [14] They have indeed been pauperised by the recent economic development that has devastated their society and natural environment and created many new artificial "needs" which most people can never satisfy.

The court of the Manchu emperors of China, before it was subjected to Western influence was also indifferent to exotic possessions. The Emperor Ch'ien Lung was not the least impressed by the gift of manufactured goods presented to him by the British emissaries of King George III who sought to establish diplomatic links with his country. He rejected the British request and sent a letter to King George that ended with the following words:

*"Swaying the wide world, I have but one aim in view, namely to maintain a perfect governance and fulfil the duties of the State. Strange and costly objects do not interest me... As your Ambassador can see for himself, we possess all things. I set no value on objects strange or ingenious, and have no use for your country's manufactures."* [15]

This attitude could not be more foreign to us. Our appetite for material goods and technological devices seems insatiable and has become measure of our wealth and welfare. Today we need a lot of material goods and technological devices, not because we have an intrinsic need for them but because, in the aberrant conditions in which we live, many are required to satisfy biological, social, spiritual, and aesthetic needs which normally were once satisfied for free.

#### **No word for poverty**

Serge Latouche, who worked for decades among the mushrooming slums of the cities of West Africa, writes in his enlightening book *L'Autre Afrique*: "*there is not even a word for poverty in the principal African languages*" - at least in the economic sense of the term, which he sees as a Western invention. The closest are the words that denote an "orphan." [16] Marshall Sahlins makes the same point in his much quoted paper, "*The Original Affluent Society.*"

*"The world's most primitive people have few possessions, but they are not poor. Poverty is not a certain small amount of goods, nor is it just a relation between means and ends; above all it is a relation between people. Poverty is a social status. As such it is the invention of civilisation."* [17]

Thus poverty is not associated with lack of money, but rather the absence of social support. For Latouche the very idea of poverty is conceivable only in an individualistic society, which development makes. It refers above all to the powerlessness of the social isolate. "*In a non-individualistic society, the group as a whole is neither rich or poor.*" [18] Julius Nyerere said much the same thing. For him: "*in an African society ... Nobody starved, either of food or human dignity, because he lacked personal wealth; he could depend on the wealth possessed by the community of which he was a member.*" [19]

Many economically poor people in today's modern world, are also those with minimal family support. This includes increasing numbers of old people, largely abandoned by their families who have become dependent on a miserable state pension, hardly sufficient to keep body and soul together. The poor also include many single mothers and their children. In 1974 Bronfenbrenner, the well-known child psychologist, pointed out that of *"the number of children in the USA living in poverty under the age of six, 45 percent of them were members of single parent households."* [20]

In Australia, Canada, Germany, Luxemburg, Netherlands, Norway and the USA, poverty rates for households headed by a single mother are at least three times higher than for two-parent households. Since then the situation has become much worse, which is totally predictable since economic development, by its very nature, leads to social disintegration and atomisation. In the U.S.A., for instance, the number of households headed by a single female has increased two and a half times; in the U.K. by two and a third times; and in Canada they have nearly doubled. [21] Not surprisingly child poverty in OECD countries in general has substantially increased during the same period. Between 1972 and 1994 for instance, child poverty doubled in Germany and trebled in the UK. [22]

Poverty is a social isolate, hence the vast bulk of people in the socially atomised, non-societies which economic development creates, are not just biologically or materially poor. Poverty also has an important psychological component, referred to by French sociologist Emile Durkheim as *"anomie"* - a term adopted by another distinguished sociologist, Robert Mclver. He sees people as suffering from anomie *"when their lives are empty and purposeless, and deprived of meaningful human relations."* [23]

In the slums of modern industrial cities, social disintegration and the social deprivation or anomie it gives rise to is most advanced. This creates a form of poverty largely absent in traditional societies, 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 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."* [24]

One of the many reasons why development causes social disintegration and anomie is that as more and more functions previously fulfilled by families and communities are assumed by the state and

corporations, social units atrophy, like muscles no longer used. People are thus deprived of the most caring and dependable sources of security.

Most people in the industrial world do not realise this. They depend on personal investments, their jobs and the welfare state to provide them with security. But because of the highly unstable economy we have created, investments are pretty speculative. Also, with today's global economy there is now cut-throat competitiveness, which means corporations cut costs to the bone to survive. This means labour must be *"flexible,"* so long-term contracts have been replaced by short-term ones, many full-time jobs become part-time, and it's made increasingly easy and cheaper to sack employees when it's profitable to do so.

Jobs are now more precarious. At the same time, the welfare state, again to reduce costs for industry, is being systematically dismantled. As this process occurs, vast numbers of people living in an increasingly uncaring society, and increasingly deprived of family and community support, find themselves deprived of virtually any form of security. So they join the growing throngs of the poor and destitute. But today's poverty is nothing compared to what it will be like if the World Trade Organisation's cynical development policies are fully implemented.

In accordance with the WTO's General Agreement on Trade and Services (GATS) just about all government services, covering every aspect of health care, primary, secondary, and university education, water services, environmental services, including environmental research and environmental control will be included. For transnational corporations this is of course a fantastic bonanza, a colossal new market to exploit, with education, health, and water alone representing a \$5-6 trillion market. [25]

This means just about all services the state originally took over from local communities, which were largely subsidised by the public so they could be provided freely to those in need, are to be taken over by huge, totally unaccountable, transnational corporations. They can then charge the maximum price they can get away with - creating an unprecedented number of poor people, especially in Third World countries, who would thereby be deprived of access to life's basic essentials.

Additionally, in accordance with WTO regulations, markets throughout the world are being systematically opened to highly subsidised U.S. food products. It has already begun in India with devastating results. There are around two to three 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 city, without land to grow their food, and without jobs, as the level of unemployment in these slums is already horrific. With no unemployment benefits, they will be totally destitute.

However, the greatest contribution economic development makes to the growth of world poverty is in generating ever more amounts of greenhouse gases, which cause global warming. If we do not rapidly put this destructive process into reverse, much of our planet will soon be largely uninhabitable with ever worsening heat waves, floods, droughts, storms, and sea-level rises, causing vast migrations of impoverished, half-starved refugees across our planet. If we do nothing about global warming, development will effectively eliminate poverty, as the world will become totally uninhabitable and no humans, either rich or poor, will be able to survive. [26]

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