

# Globalization and Poverty: Possible Links, Different Explanations

by Arie M. Kacowicz

*“The new rich may worry about envy, but everyone should worry about poverty.”*  
- The Economist, June 14, 2001.

## INTRODUCTION

Widespread social and political movements against globalization have become fashionable in the past few years, as witnessed during the violent demonstrations against global institutions at Seattle in 1999, Prague in 2000, and Quebec in 2001. Although vociferous opponents of globalization are not wholly unified in their ultimate demands, their claim that third-world poverty has become one of the most pressing moral, political, and economic issues in the political agenda of the new millennium is a legitimate one.

In addition to grassroots organizations, NGOs, and fringe groups, mainstream international institutions and organizations have recognized the reality of global inequality and third-world poverty as a pressing issue, at least at the rhetorical level. For instance, the official institutions of the Bretton Woods post–World War II liberal regime, the International Monetary Fund (IMF) and the World Bank, have focused their discussions and operative plans in the recent past on the eradication of poverty, or at least its reduction, as “the single greatest challenge of the century.”<sup>1</sup>

*Speaking at the plenary sessions of the 2000 Annual Meetings of the IMF and the World Bank, held on September 26-28 in Prague, Czech Republic, the governors representing the IMF’s 182 members acknowledged that, although globalization has brought opportunities for growth and development to both rich and poor countries, not everyone has been able to take advantage of the opportunities. The task facing the international community, the governors agreed, is to build a successful, truly global economy that works well for all people and addresses the widespread poverty that remains “the unacceptable face of the global economic situation.”<sup>2</sup>*

Similarly, the former World Bank president, James D. Wolfensohn, characterized “globalization as an opportunity, and poverty as our challenge,” though recognizing that globalization can relate to risks as well as to opportunities.<sup>3</sup> If anything, the aftermath of the September 11<sup>th</sup> terrorist attacks against the United States has

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demonstrated the relevance and the urgency of coping with such global issues.

Presently, a global agenda seemingly focuses upon the possible links between globalization and poverty, epitomized by the United Nations Millennium Summit in September 2000. Among the values and principles mentioned in the United Nations Millennium Declaration, the links between globalization and poverty were emphasized:

*The central challenge we face today is to ensure that globalization becomes a positive force for all the world's people. Its benefits are unevenly shared, while its costs are unevenly distributed.<sup>4</sup>*

Furthermore, in a show of unguarded optimism about translating rhetorical intentions into an operative plan for development and poverty eradication, the leaders of the world committed themselves to the following deadline:

*We further resolve to halve by 2015 the proportion of the world's people who earn less than one dollar a day, who suffer from hunger, and who lack access to safe drinking water.<sup>5</sup>*

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This declaration of good intention demonstrates, at least at the rhetorical level, that there is an emerging consensus within the international community about the importance of the links between globalization and poverty and inequality, and that globalization should fulfill a positive role in reducing and eradicating poverty. At the same time, there is a serious disagreement about whether the link between globalization and poverty and inequality is a positive or a negative one; that is, whether globalization creates more poverty or reduces it. Moreover, it is not completely evident that globalization can reduce poverty. After all, divergent ideological, philosophical, normative, and theoretical approaches to international relations and international political economy generate different interpretations of similar facts. The assumption that the invisible and potent forces of globalization (including markets, science, and technology) will resolve the problems of inequality and poverty is not completely reassuring, considering the lingering reality of at least a billion people living in absolute poverty.

This article is a preliminary exercise in assessing potential theoretical and deductive links between globalization and poverty as a global problem in international relations. Of the numerous questions that can be posed on the core concepts, this analysis confines itself to two. First, what are the possible links between globalization and poverty? Second, what is the importance of the implications and consequences of these possible links? To address these questions, this article is divided into five sections, including the introduction. The core concepts—globalization and poverty—are defined in the second section. The third section answers the first inquiry by exploring the

potential links between the core concepts. While pointing out ten potential links and permutations, three are discussed in the section as a more lengthy discussion is outside the purview of this paper. Consequentially, the three links that are discussed are representative of three world views in international relations theory: realism, liberalism, and a radical view. The fourth section provides an answer to the second inquiry in both normative and pragmatic terms. The normative answer to our concern about globalization, poverty, and inequality recreates the debates about distributive justice and economic and social human rights of the 1970s and 1980s following the third-world demands for a New International Economic Order (NIEO) that eventually failed. The pragmatic answer focuses upon the disruptive effects of poverty and inequality in the international system and society, including issues of economic well-being, war and peace, political stability and democratization, environment, and new security issues and threats, such as terrorism, drugs, spread of diseases, and illegal migration flows. Thus, “as interdependence transforms the global security agenda, poverty emerges as one of the most pressing issues in world politics.”<sup>6</sup> Finally, drawing from the potential links of the core concepts, the concluding section explores some policy implications.

### **DEFINING THE CORE CONCEPTS: GLOBALIZATION AND POVERTY**

Globalization and poverty are terms that garner as much misunderstanding as they do attention. Following the Cold War, the understanding of the established “new world order” generated a tremendous amount of confusion in the rhetorical usage of the term globalization. As such, globalization is multifariously conceived as a myth, a rhetorical device, a phenomenon, an ideology, a reality, a process, and the context of current international relations.

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In this article, globalization is a concept that envelopes a number of interrelated changes manifested through intensified global connectedness. In general, globalization is further defined here as the cognitive recognition of such changes, in which a qualitative shift exists denoting a consolidated marketplace. This is contrasted with interdependence, which may only suggest a quantitative shift. In both academic and popular discourses, globalization has become one of the catchwords for the new millennium. In fact, globalization is a short form for a cluster of interrelated changes: economic, ideological, technological, political, and cultural.

While globalization is a combination of changes, each change warrants a brief elaboration. Economic changes encompass the most salient dimensions of globalization, and they include the increasing integration of economies around the world, particularly through trade and financial flows.<sup>7</sup> This takes place through the

internationalization and spatial reorganization of production, the greatly increased mobility of capital and of multinational corporations (MNCs), and the deepening and intensification of economic interdependence. Furthermore, migration flows, knowledge moving across borders, and the interpenetration of industries affects economic activities that were formerly exclusive to village markets, urban industries, and financial centers.<sup>8</sup>

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Political and ideological changes include investment and trade liberalization, deregulation, privatization, and the adoption of political democracy in the domestic institutional realm of any given polity. If globalization is indeed determinant in diminishing borders, there is a serious “democratic deficit” here. The lack of accountability of global economic forces poses a serious political problem, for both states and individuals alike. By condensing the time and space of social relations, economic globalization transcends territorial states while not being accountable to elected political officials.<sup>9</sup> Technological changes refer to information and communication technologies that have shrunk the globe, shifting from goods to services. Finally, cultural changes involve trends toward a harmonization of tastes and standards, epitomized by a universal world culture that transcends the nation-state.<sup>10</sup>

Similarly, poverty involves a series of concepts that are distinct in nature but interrelated nonetheless. It is important to note there is a broad body of literature with detailed and elaborate definitions of poverty.<sup>11</sup> While borrowing from these definitions, this article can only briefly define the term. Poverty is the deprivation of goods, needs, and entitlements without which an individual or group cannot survive. Further, poverty can also denote a deficiency in proper living in social and economic terms. In this case, poverty is culturally relative and simply means the extent to which certain conditions are acceptable or deplorable. As such, it is necessary to distinguish between poverty and inequality.

In relative terms, people may be held to be poor because they are disadvantaged vis-à-vis others in society. In a basic structure of inequality, it is clear that transfers from the rich to the poor can make a substantial dent on poverty in most societies. In this sense, poverty reflects inequality, though the two concepts are not equivalent.<sup>12</sup> It is very important to draw a clear distinction between inequality and poverty. While both might be increasing, they are quite different from one another. It is possible, for instance, that more affluent countries are growing faster and therefore becoming

more unequal with the rest, while at the same time less developed countries are still gaining in absolute wealth. Hence, we might have less poverty but more inequality simultaneously.<sup>13</sup> In a word, inequality is relative where poverty can be measured in absolute terms.

### **POSSIBLE LINKS BETWEEN GLOBALIZATION AND POVERTY**

With operational definitions of the core concepts, an initial assessment of the possible links between globalization and poverty can be performed. In particular, is globalization a force for equality? If so, does it converge upward or downward?<sup>14</sup> Lastly, what are the intended and unintended consequences of globalization upon poverty?

It is a very difficult task to assess the contradictory consequences of economic globalization. To link globalization and poverty it is necessary to set forth the potential causal mechanisms of globalization and its effects on poverty in the world, such as the Singer-Prebisch argument examining the deteriorating terms of trade in the economic relationship between developed and developing countries. Unfortunately, those mechanisms are not very clear by themselves.<sup>15</sup>

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It is becoming increasingly evident, both in rhetorical terms and in the actual practice of states and international institutions, that there are tangible and substantial links between globalization and poverty. For instance, the United Nations Development Programme (UNDP) suggests that countries should link their poverty-relief programs not only to their national policies but also to their international economic and financial policies. Thus, in a world of increasing economic integration and globalization, those links can be crucial. For instance, since the global recession in the 1980s it has become evident that there is a direct relationship between external debt and poverty.<sup>16</sup>

At the same time, what remains ambiguous is the character and direction of these possible links, ultimately interpreted according to divergent paradigms of international political economy and disparate normative views, such as realist, liberal and radical views. For instance, the liberal view of global economic relations, based on mutual and complex interdependence, regards international economic relations between developed and developing countries as mutually beneficial and benign. In this view, the forces of globalization will eventually stimulate the economic growth in

the developing nations, thus reducing and even eradicating poverty. In contrast, a more radical view maintains that the global economic relations between North and South are asymmetrical and approximates a type of zero-sum relationship, according to which the forces of globalization exacerbate inequality and poverty.<sup>17</sup>

In logical terms, speculation on the potential links between globalization and poverty produces the following ten possibilities:

- (a) Globalization causes and deepens poverty;
- (b) Globalization reduces and even resolves the problem of poverty;
- (c) There is no necessary link between globalization and poverty;
- (d) There is a negative impact in the short term, turning into a positive impact on the overall economy in the long run;
- (e) There is a positive impact in the short term, turning into a negative impact on the overall economy in the long term;
- (f) There is a negative impact to a certain point, then the relationship becomes neutral or insignificant;
- (g) There is a positive impact to a certain point, then the relationship becomes neutral or insignificant;
- (h) There is a neutral or insignificant relationship at the beginning, then becomes a positive relationship; and
- (i) There is a neutral or insignificant relationship at the beginning, then becomes a negative relationship.<sup>18</sup>

What is evident from all those possible permutations is that the links between globalization and poverty are complex and ambiguous. The question still remains of whether globalization promises to lift the economies of developing nations, or exacerbates income gaps within and between nations, or perhaps leads to both contradictory processes simultaneously. In this sense, globalization and poverty are interdependent: globalization not only affects poverty but, in turn, poverty might determine the fate of globalization. To address these issues, the subsections consider the first three of the ten potential links, noting that the remaining seven flow from the implications of the first three. To discuss these links, radical, liberal, and realist perspectives are employed.

#### *Globalization Causes and Deepens Poverty*

According to its critics, globalization causes and deepens poverty. This is due to several interrelated reasons. First, without capital, one cannot gain from economic integration. The poor having little or no capital are not able to invest in a consolidated global market. Second, due to uneven development, globalization exacerbates social and economic gaps within and between states by reinforcing a process of “creative destruction.”<sup>19</sup> Economies and societies are required to rapidly adapt to the changes posed by globalization. Since economies almost never succeed equally, some nations will grow faster than others, so that globalization will increase inequality. Third, from a structural point of view, dependency theorists argue that the poverty of developing countries is caused by the affluence and exploitation of the developed countries.

According to this logic, the very structure and processes of globalization perpetuate and reproduce the disparate relations and exchanges between the core of the international economic system, comprised of the industrialized countries, and the periphery, or the less developed countries (LDCs).<sup>20</sup> Finally, globalization has increased inequality by having significant and uneven effects upon various types of social stratification among and especially within nations, including class, country, gender, race, urban-rural divide, and age.<sup>21</sup> In this view, although contemporary globalization has helped in some cases to narrow social hierarchies in certain respects (such as opportunities for women to engage in waged employment), it has tended on the whole to widen the gap in terms of opportunities. This is due to the uneven distribution of costs and benefits, which tends to favor the already privileged and further marginalize the already disadvantaged.<sup>22</sup> Overall, globalization is exacerbating inequalities of resources, capabilities, and of the power to autonomously act in the international arena.<sup>23</sup>

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Further, from dependency theories and other radical perspectives, the adoption of the liberal ideology of globalization, and the restructuring of the world economy under the guidance of the Bretton Woods institutions, increasingly denies developing countries the possibility of building their national economies. Thus, the internationalization and globalization of macroeconomic policies transforms poor countries into open economic territories, and their national economies into “reserves” of cheap labor and natural resources.<sup>24</sup> For instance, “[s]ince the early 1980s, the ‘macro-economic stabilisation’ and ‘structural adjustment’ programmes imposed by the IMF and the World Bank on developing countries (as a condition for the renegotiation of their external debt) have led to the impoverishment of hundreds of millions of people.”<sup>25</sup>

In addition, the MNCs, by transferring technology, capital, and skilled labor between states, have reinforced the negative effects of foreign capital penetration, further enlarging the gap between the rich and the poor within states. Thus, MNCs have contributed to the development of the so-called “enclave economies” within the host countries, which are characterized by small pockets of economically developed regions, while the rest of the larger peripheral areas exhibit extreme indices of poverty and very little progress.<sup>26</sup> In this sense, globalization is producing a new kind of hegemony that fuses power and wealth in a kind of “corpocracy” of financial markets and corporations that create rules and norms that structure the international system.<sup>27</sup> In sum, the processes of globalization have led to a ruthless capitalist system



characterized by exploitation, domination, and growing inequalities both within and among national societies, composed of the rich core of developed economies and the exploited, impoverished periphery of the third world countries.<sup>28</sup> In the words of a prominent economist, “[g]lobalization today is not working for many of the world’s poor...It is not working for the stability of the global economy.”<sup>29</sup> Furthermore, “[i]f globalization continues to be conducted in the way that it has been in the past...globalization will not only not succeed in promoting development but will continue to create poverty and instability.”<sup>30</sup>

### *Globalization Can Reduce and Resolve Poverty*

Proponents of globalization contend that enormous bounds have taken place as the flow of large quantities of trade, investment, people, and technologies across borders has expanded from a trickle to a flood. These processes are increasing global prosperity and international cooperation, eventually leading to a greater equality and convergence in the performance of national economies across the world. As it has become evident in the last three decades, participation and integration in the world economy has been highly beneficial for developing nations, including China, India, and the newly industrializing countries of East and Southeast Asia.<sup>31</sup>

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Liberal and neoliberal perspectives maintain that a direct and positive relationship exists between globalization and poverty; that is, globalization is reducing the overall amount of impoverished individuals. At the same time, there is a growing recognition that globalization does not progress evenly, despite its overall positive effects for worldwide development.<sup>32</sup> According to this view, those countries that rapidly integrate into the global economy grow faster and manage to reduce poverty. For example, outward-oriented (i.e., export-led) economic policies transformed East Asia into some of the world’s most dynamic and more prosperous economies over the past forty years. In contrast, where countries pursued inward-oriented economic policies, such as import substitution industrialization, their economies stagnated or declined, evidenced by Latin America and Africa between the 1950s and the 1980s. In sum, the process of globalization, as economic integration and interdependence, can reduce and resolve the problems of poverty and inequality, within and among nations. Through the promotion of free trade that sustains high-quality growth, “globalization also holds the promise of improved living standards for all the peoples of the world.”<sup>33</sup> In this sense, economic opportunities in the third world would be enhanced through the elimination of trade barriers, which, in turn, vastly reduces poverty. Such restrictions



on economic freedom are perpetuated by rich- and poor-country governments alike.<sup>34</sup>

In addition to free trade, technology, as the main driver of globalization, can be considered as essential in potentially alleviating and reducing poverty, if properly and effectively disseminated and adopted. Thus, the advances achieved in computing and telecommunications in the North offer enormous opportunities for raising living standards in the third world. The adoption of liberal economic policies and the appropriate technologies have already brought substantial benefits, increasing the profits of Western corporations and raising the productive employment and higher incomes for the world's poor.<sup>35</sup>

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*There Is No Necessary Link between Globalization and Poverty*

A third view, neither radical nor liberal, but rather realist, does not identify a necessary or clear link between globalization and poverty. For instance, Robert Gilpin argues that many of the problems associated with globalization are linked to other factors, though related, which are not part and parcel of the more limited phenomenon of globalization.<sup>36</sup> In other words, by adopting a "minimalist" definition of globalization, one excludes many of the economic and technological changes. This version of globalization has neither positive nor pernicious effects upon poverty and inequality, since it is a much more limited phenomenon.

Moreover, this approach suggests that serious problems that have affected peoples and states, such as poverty and environmental degradation, are first and foremost directly related to national governments and policies, rather than to the supra-national or supra-territorial forces of the global market. Thus, through their decision-making procedures and implementation of policies, national governments are directly responsible for increasing or reducing poverty and the conservation of degradation of the environment.

In this perspective, in normative terms globalization is catalogued neither as necessarily "bad" nor necessarily "good," but rather has the potential to do either enormous good or tremendous harm. In other words, the management of globalization by nation-states determines the way states cope with its processes, and should become the focus of inquiry.<sup>37</sup>

## THE GLOBAL IMPORTANCE OF POVERTY

Thus far, the analysis has sketched the possible links between globalization and poverty. Generally, one can conclude that those links are complex and ambiguous

due to the potential mutual effects of the relationship.<sup>38</sup> In other words, factors other than globalization affect poverty in positive or negative directions. The reality of poverty and inequality in itself might be a serious cause for the growth of social violence, political and social instability, ethnic conflicts, and civil and international wars that shape the global system. For instance, poverty and immiseration, directly linked to overpopulation, resource scarcity, and environmental degradation as witnessed in many areas of contemporary sub-Saharan Africa, are a direct source of social conflicts, civil wars, and refugee flows.<sup>39</sup> As Robert Kaplan argued, “Precisely because a large part of Africa is staring into the abyss, it gives a foretaste of how wars, frontiers and ethnic politics will look a few decades from now.”<sup>40</sup> These are indeed gloomy and pessimistic statements that, when taken seriously, indicate the relevance and urgency of the issues at stake. Therefore, the analysis of the possible links between globalization and poverty is not just a futile academic exercise for the sake of theorizing in international relations. The implications and consequences of the links between globalization and poverty are significant in both moral and practical terms.

From a moral standpoint, the persistence of poverty, increasing inequality, and human deprivation diminishes humanity. Poverty stands against human decency, human rights, and basic claims of distributive justice. Moreover, from a practical standpoint, poverty and extreme inequality are an “international externality” that can disrupt and derail the forces of globalization. As one of the senior officials of the IMF acknowledged recently, “[g]rowing inequality poses the greatest risk to the future of the global economy. If the majority of the world’s population is increasingly marginalized and economically disenfranchised, then globalization will fail.”<sup>41</sup> In addition to these economic arguments, it should be emphasized that the persistence of poverty makes global peace and security fragile as well.<sup>42</sup> The following two subsections elaborate on these issues in normative and pragmatic terms.

#### *The Normative Dimension: Issues of Distributive Justice and Human Rights*

Why should developed states help the LDCs? Why should the international institutions and organizations—the United Nations, the World Bank, and the IMF—assist poor people in developing countries? If the answers to those questions are not framed only in terms of rational cost-benefit calculations, then the analysis can move from the rational to the normative dimension and from the inter-national to the global realm. In this sense, normative considerations such as (re)distributive global justice explain the links between globalization and poverty as a global problem. First, poverty is a symptom of a domestic problem of underdevelopment. Second, poverty becomes an international problem as a serious issue in the agenda of relations among a number of states. Third and foremost, poverty is a global problem and has implications and ramifications for the human community as a whole, better understood when considering the evolution of political and human rights in the direction of universal jurisdiction for international law when there is a gross violation of those rights. In the third sense, there exists a universal promotion of human rights of various kinds, and thus there is an international responsibility for the fate of the

world's poor.<sup>43</sup> In short, the normative dimension maintains that the relationships between globalization and poverty are important since there is a moral obligation, in terms of human rights and distributive justice, to help the developing countries to eradicate poverty. Poverty is linked to the more general issues of human rights, equity, equality, and distributive justice both within and across borders.<sup>44</sup>

The normative concern of the potential effects of globalization upon poverty echoes the literature on (re)distributive justice that emerged in the 1970s, following third-world demands for a NIEO.<sup>45</sup> The two major normative themes that emphasize the relevance of a moral analysis are human rights and distributive justice in terms of fairness.

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Human rights represent the basic normative common ground to fight poverty and to understand the humane concern with the links between globalization and poverty. Considerations of humanity, basic needs, and socioeconomic human rights lead rich countries to help poor ones in extreme cases of relief of distress or famine relief. Moreover, if poverty is considered a basic violation of human rights, then there is a moral obligation to correct that violation. Yet, it should be pointed out that this normative consensus limits itself only to extreme cases of absolute deprivation.<sup>46</sup> From this perspective, there is not much obligation to redistribute resources beyond a minimal guarantee of a basic human standard. Thus, the distance from a human rights analysis of moral obligation and a utilitarian justification to “eradicate poverty” is very short. In fact, the two might even overlap.

The second normative theme, justice as fairness, is more complicated and more difficult to apply in international relations. To begin with, there is no normative international consensus for a moral case to alleviate poverty and inequalities within or among states. Nor is there is a consensus in the reformation of the global system, in the name of social and distributive justice beyond borders, rather than in the name of human rights. Following the formulation of the late philosopher John Rawls, justice as fairness should be interpreted in terms of equal rights, reciprocity, global equity, and some form of redistribution of the global resources from the haves to the have-nots.<sup>47</sup> As part of a social contract, fairness implies that the poor should share in the gains of society as it grows, while the rich should share in the pains of society in times of crises. Yet, our contemporary global economic system tends to ignore those issues of distribution as fairness,<sup>48</sup> rather relying on the forces of the market. Thus, the difficulties in trying to implement a scheme of global (re)distributive justice in international relations remain enormous. For such issues to be resolved, a global polity that will guarantee maximum equal liberty to every member of the human community on a cosmopolitan, transnational basis will need to be established.

*The Pragmatic Dimension: Issues of Security and Economics*

The issue of the global importance of poverty can also be discussed through a pragmatic dimension that utilizes cost-benefit analysis and realpolitik considerations in international relations. The importance of the mutual relationships between globalization and poverty become more salient when considering such crucial issues of security, in terms of war and peace and economics, and in terms of well-being and welfare.

In terms of security, the way in which the developed countries cope with poverty and inequality are likely to determine whether the coming decades will be peaceful and stable or violent and dangerous, and to what extent the current international order will not be disrupted. Poverty produces frustration and anger, directed both at the governments of developing countries and at citizens of wealthy countries.<sup>49</sup> Moreover, the terrorist attacks on the United States in September 2001 resolved the discussion over whether poverty, marginalization, and the lack of development were only a humanitarian concern or a security problem as well. Although the exact nature of the links between poverty and terrorism remains a matter of debate, it is clear that the renewed US interest in enlarging its aid and development to third world countries stems from terrorism's connection to poverty.<sup>50</sup>

Furthermore, the problem of poverty is also associated with international and civil wars, legal and illegal migrations, refugees, environmental degradation, the spread of diseases, and threats to the existing international order emanating from demands of international and global justice, occasionally demonstrated through terrorist and guerrilla activities. In sum, the links between globalization and poverty are important due to the fact that poverty is likely to be the catalyst for such demonstrations, especially if the impact of globalization upon a country developing is ambivalent, mixed, and uneven.

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In economic terms, serious considerations of practicality and pragmatism should justify our concern about those links. In a globalized world, there are different ways for the developed countries to help the LDCs: export capital to them, import products from them, or allow the movement of the poor from the third world to developed regions by easing the political borders and encouraging migration flows.<sup>51</sup> Presently, a considerable portion of the trade of the United States and Europe is geared towards the developing countries, where most of the world population lives. Moreover, those countries represent not only potential and emerging markets but also sources of

indispensable raw materials. Hence, the costs of neglecting the rapidly growing international class divide and social and economic gaps will be immense not just for the developing world but for humanity, reaped in terms of environmental degradation, humanitarian disasters, and lack of economic growth.<sup>52</sup>

In this utilitarian and cost-benefit analysis regarding the developing countries in terms of economics, one can identify an interesting convergence between normative and pragmatic arguments. Focusing resources and policy on poverty can be worthwhile simply on humanitarian grounds (i.e., human rights arguments). Yet, the disadvantages of growing up in extreme poverty pose a challenge to a belief in the equality of opportunity that, in turn, will affect the security and the economy within and among nations. Hence, helping the underclass to rejoin society is in the interests of all, at both the domestic and international levels. Rather than being contradictory, normative and pragmatic arguments tend to reinforce one another.

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It should be emphasized that the Bretton Woods institutions traditionally regarded poverty as a national problem, or at most an international problem, rather than as a global one. Thus, poverty-relief measures favored by the World Bank and the UNDP make provisions especially for international coordination and cooperation, which include economic assistance to the LDCs on a state basis.<sup>53</sup> Yet, it remains an open question whether the national and international focus of the World Bank and the UNDP allow for the creation and sustaining of a supra-national or global burden-sharing facility that would facilitate the convergence of local, national, regional, international, and global policies and practices.<sup>54</sup> So far, the answer seems to be a negative one.

## CONCLUSION

This paper is a preliminary assessment of the relationship between the phenomena of globalization and poverty as a global problem in international relations. After defining the core concepts, ten logical links between globalization and poverty were suggested. Three of the links were discussed in more detail utilizing a radical perspective to argue that globalization causes and deepens poverty and inequality, a liberal perspective that considers the forces of globalization to be the potential solution

and cure to the problem of poverty, and a realist perspective that maintains that there is no necessary or clear linkage between globalization and poverty. The links between globalization and poverty are complex and ambiguous; globalization might have both detrimental and positive effects. Moreover, the relationship is symbiotic in that poverty substantially affects globalization, and the agents and structures of globalization are needed to combat poverty as a global problem. This might sound tautological or circular in logical terms, but the international institutions, from the UN to the World Bank, have started thinking in those terms, at least at the rhetorical level. However, the solutions that they offer, so far, still remain within the domestic and inter-national domains, and have not yet reached the global level.

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**To be effective, the recommended policies should emerge out of national debates involving the voices of the poor and marginalized sectors.**

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Furthermore, this paper addresses the rationale for concern about the complex links. This task is performed by utilizing two arguments. First, the normative argument recreated the debates about distributive justice and economic and social human rights of the 1970s and 1980s. The pragmatic argument is framed in terms of the disruptive effects of poverty from security and economic standpoints.

Having identified the normative and pragmatic arguments to justify concern about the relationship between globalization and poverty, the next step in research is to turn to a policy-oriented debate about the causes of poverty and, concomitantly, to the possible mechanisms for its reduction and eradication. According to Joseph Stiglitz, "Poverty has become an increasingly important development priority. The existence of a correlation between growth and poverty reduction should come as no surprise. But the correlation does not prove that trickle-down strategies are the best way to attack poverty."<sup>55</sup> Hence, the policy implications of the concern about globalization and poverty remain, at this stage, quite open and moot.

The debates on theory and policy have tended to be polarized around two explanatory models: structural, which is mainly political, and behavioral, which is mainly economic. The structural model emphasizes institutionalized systems of inequality, macroeconomic impacts, and political strategies of exploitation and exclusion. Conversely, the behavioral model focuses on the personal attributes and behavior of poor people in economic terms.<sup>56</sup>

The application of these two distinctive models depends upon different approaches to poverty as a social and political problem, both at the domestic and the international levels. In this regard, considering poverty as a global problem implies three complementary but different concepts: poverty as a domestic problem of underdevelopment, to be resolved within the borders of a given society and state; poverty as an international problem, as part of the agenda in the relations between states; and poverty as a global problem, in terms of world order and (re)distributive justice.

Strategies for effective poverty reduction were addressed by the IMF and the World Bank at Prague in September 26-28, 2000. These initiatives focused on a country's "ownership" of the strategies to reduce poverty, and on the issue of effective governance.<sup>57</sup> In other words, borrowing countries should prepare poverty reduction strategy policy papers in a process involving the active participation of their civil societies, nongovernmental organizations, donors, and international institutions. To be effective, the recommended policies should emerge out of national debates involving the voices of the poor and marginalized sectors.<sup>58</sup> In addition to designing national strategies to eradicate poverty, the issue of effective domestic governance should be stressed. Effective governance is often considered the "missing link" between national poverty-relief efforts and poverty reduction.<sup>59</sup>

### Notes

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<sup>1</sup> "Poverty seen as greatest challenge of new century despite improved global environment," *IMF Survey*, Vol. 29 No. 20, October 23, 2000, 341.

<sup>2</sup> *Ibid.*, citing Minister of National Economy and Finance of Greece Yannis Papantoniou.

<sup>3</sup> "Wolfenshoen calls on Governors to cooperate to build a more equitable world," *IMF Survey*, Vol. 29 No. 19, October 9, 2000, 308.

<sup>4</sup> The quoted portion is an edited excerpt from the United Nations Millennium Declaration in "World leaders meet in New York to confront twenty-first century issues on a global scale," *IMF Survey*, Vol. 29 No. 20, October 23, 2000, 351.

<sup>5</sup> *Ibid.*; the quoted portion is an edited excerpt from the UN Millennium Declaration.

<sup>6</sup> Richard W. Mansbach and Edward Rhodes, eds., *Global Politics in a Changing World: A Reader* (Boston: Houghton Mifflin Publishing, 2003), 319.

<sup>7</sup> "Kohler says surveillance and crisis prevention should be at center of IMF activities," *IMF Survey*, Vol. 29, No. 19, October 9, 2000, 304.

<sup>8</sup> See James H. Mittelman, "The Dynamics of Globalization," in *Globalization: Critical Reflections*, ed. James H. Mittelman (Boulder: Lynne Rienner Publishers, 1996), 1-19; and "Crisis prevention at center of IMF activities," 304.

<sup>9</sup> James H. Mittelman, "Rethinking the 'New Regionalism' in the Context of Globalization," *Global Governance*, Vol. 2, No. 2 (May-Aug 1996), 197.

<sup>10</sup> Jan Aart Scholte, *Globalization: A Critical Introduction* (New York: St. Martin's Press, 2000), 23.

<sup>11</sup> Paul Spicker, for example, gives eleven interrelated definitions of poverty in his chapter, "Definitions of Poverty: Eleven Clusters of Meaning," in *The International Glossary on Poverty*, eds. David Gordon and Paul Spicker (London: Zed Books Ltd, 1999), 150-157; see also Amartya Sen, *Poverty and Famines: An Essay on Entitlement and Deprivation* (Oxford: Oxford University Press, 1981), 11, 14-15, and 17; see also United Nations Development Programme, *Overcoming Human Poverty: UNDP Poverty Report 2000*. New York, 2000, 20; see also Klaus Nürnberger, *Prosperity, Poverty and Pollution: Managing the Approaching Crisis* (London: Zed Books Ltd, 1999), 61; and see also Ashis Nandy, "The Beautiful, Expanding Future of Poverty: Popular Economics as a Psychological Defense," *International Studies Review*, Vol. 4, No. 2 (Summer 2002): 107, 115, and 121.

<sup>12</sup> Spicker, "Definitions of Poverty," 155; and Sen, *Poverty and Famines*, 14-15.

<sup>13</sup> I would like to thank Robert Gilpin for his comments on this point.

<sup>14</sup> Göran Therborn, "Dimensions of Globalization and the Dynamics of (In)equalities," in *The Ends of Globalization: Bringing Society Back In*, ed. Don Kalb, Marco van der Land, Richard Staring, Bart van Steenberghe, and Nico Wilterdink (Lanham, Maryland: Rowman & Littlefield Publishers, Inc., 2000), 33.

<sup>15</sup> I would like to thank Robert Gilpin for his comments on this point.



<sup>16</sup> UNDP *Poverty Report 2000*, 10.

<sup>17</sup> Hae S. Kim, "The Effect of Global Dependency on the Quality of Life in Developing Countries" (paper presented at the International Political Science Association 18th World Congress, Quebec City, Canada, August, 1, 2000).

<sup>18</sup> I would like to thank Alex Mintz for his suggestions on this point.

<sup>19</sup> Erich Weede, "Globalization: Creative Destruction and the Prospect of a Capitalist Peace," in *Globalization and Armed Conflict*, eds., Gerald Schneider, Katherine Barbieri, and Nils Petter Gleditsch (Lanham, MD: Rowman and Littlefield, 2003), 316-317.

<sup>20</sup> See Gordon and Spicker, eds., *Glossary on Poverty*, 35; and Scholte, *Globalization*, 242.

<sup>21</sup> Frances Stewart and Albert Berry, "Globalization, Liberalization, and Inequality: Expectations and Experience," in *Inequality, Globalization, and World Politics*, ed. Andrew Hurrell and Ngaire Woods (Oxford: Oxford University Press, 1999), 150; and Scholte, *Globalization*, 234.

<sup>22</sup> Scholte, *Globalization*, especially chapter ten, "Globalization and (In)Justice," 234-260.

<sup>23</sup> Andrew Hurrell and Ngaire Woods, "Introduction," in *Inequality, Globalization, and World Politics*, ed. Andrew Hurrell and Ngaire Woods (Oxford: Oxford University Press, 1999), 1.

<sup>24</sup> Michel Chossudovsky, *The Globalisation of Poverty: Impacts of IMF and World Bank Reforms* (London: Zed Books Ltd, 1997), 37.

<sup>25</sup> *Ibid.*, 33.

<sup>26</sup> Kim, "Effect of Global Dependency."

<sup>27</sup> Derber cited in Fred E. Dallmayr, "Globalization and Inequality: A Plea for Global Justice," *International Studies Review*, Vol. 4, No. 2 (Summer 2002), 145.

<sup>28</sup> Robert Gilpin, *The Challenge of Global Capitalism: The World Economy in the 21st Century* (Princeton: Princeton University Press, 2000), 29 and 300.

<sup>29</sup> Joseph E. Stiglitz, *Globalization and its Discontents* (New York: W. W. Norton, 2002), 214.

<sup>30</sup> *Ibid.*, 248.

<sup>31</sup> See Gilpin, *Global Capitalism*, 19, 293, and 293-299; see also David Dollar and Aart Kraay, "Spreading the Wealth," *Foreign Affairs*, Vol. 81, No. 1 (January/February 2002), 120-133.

<sup>32</sup> "Crisis prevention at center of IMF activities," 304.

<sup>33</sup> "Camdessus discusses prospects for globalization, need to fight "patent injustice" of world poverty," *IMF Survey*, Vol. 28, No. 23, December 13, 1999, 386; see also UNDP *Poverty Report 2000*, 48.

<sup>34</sup> "The case for globalisation," *The Economist*, September 21, 2000, 17.

<sup>35</sup> *Ibid.*, 17-18.

<sup>36</sup> *Global Capitalism*, 293-294.

<sup>37</sup> Richard N. Haass and Robert E. Litan, "Globalization and Its Discontents: Navigating the Dangers of a Tangled World," *Foreign Affairs*, Vol. 77, No. 3 (May/June 1998), 2-6; and Stiglitz, *Globalization and Its Discontents*, 20 and 215.

<sup>38</sup> United Nations General Assembly. *We the Peoples: The Role of the United Nations in the Twenty-First Century*. New York: Report of the Secretary-General, 22.

<sup>39</sup> Andrew Hurrell, "Security and Inequality," in *Inequality, Globalization, and World Politics*, eds., Andrew Hurrell and Ngaire Woods (Oxford: Oxford University Press, 1999), 260.

<sup>40</sup> Kaplan quoted in Hans-Peter Martin and Harald Schumann, *The Global Trap: Globalization and the Assault on Democracy and Prosperity*, trans. Patrick Camiller (London: Zed Books Ltd, 1997), 25.

<sup>41</sup> "Manuel calls for help in closing poverty gap so all can share in benefits of globalization," *IMF Survey*, Vol. 29, No. 19, October 9, 2000, 306.

<sup>42</sup> Philip Nel, "Global Inequality: Thinking through Obligations," *Ritsumeikan International Affairs*, Vol. 1 (March 2003), 4.

<sup>43</sup> Martha Finnemore, *National Interests in International Society* (Ithaca: Cornell University Press, 1996), 126.

<sup>44</sup> See Nel, "Global Inequality."

<sup>45</sup> See Michael W. Doyle, "Global Economic Inequalities: A Growing Moral Gap," in *Principled World Politics: The Challenge of Normative International Relations*, eds. Paul Wapner and Lester Edwin J. Ruiz (Lanham, Maryland: Rowman & Littlefield Publishers, Inc., 2000), 79-97.

<sup>46</sup> Ngaire Woods, "Order, Globalization, and Inequality in World Politics," in *Inequality, Globalization*,

and *World Politics*, eds., Andrew Hurrell and Ngaire Woods (Oxford: Oxford University Press, 1999), 16.

<sup>47</sup> See John Rawls, *A Theory of Justice* (Cambridge: Harvard University Press, 1971), 7, 12, 73, and 82-84; see also Nel, "Global Inequality," 11-15; see also Dallmayr, "Globalization and Inequality," 137-156.

<sup>48</sup> Stiglitz, *Globalization and its Discontents*, 78.

<sup>49</sup> Mansbach and Rhodes, *Global Politics*, 320.

<sup>50</sup> Jessica T. Mathews, "September 11, One Year Later: A World of Change," *Carnegie Endowment for International Peace*, August 2002, 9.

<sup>51</sup> Gilpin cited in Doyle, "Global Economic Inequalities," 92.

<sup>52</sup> James Gustave Speth, "The Plight of the Poor: The United States Must Increase Development Aid," *Foreign Affairs*, Vol. 78, No. 3 (May/June 1999), 17.

<sup>53</sup> David Halloran Lumsdaine, *Moral Vision in International Politics: The Foreign Aid Regime, 1949-1989* (Princeton: Princeton University Press, 1993), 59.

<sup>54</sup> Nel, "Global Inequality," 7.

<sup>55</sup> Stiglitz, *Globalization and Its Discontents*, 82.

<sup>56</sup> Robert Pinker, "Do Poverty Definitions Matter?" in *The International Glossary on Poverty*, eds. David Gordon and Paul Spicker (London: Zed Books Ltd, 1999), 1-5.

<sup>57</sup> Ian S. McDonald, "Prague Annual Meetings Focus on issues of globalization and poverty reduction; Köhler presents his vision for the IMF," *IMF Survey*, Vol. 29 No. 19, October 9, 2000, 302.

<sup>58</sup> "Closing poverty gap so all can share in benefits of globalization," 307; and "Ministers reiterate central role for IMF, call for sharper focus on core areas of responsibility," *IMF Survey*, Vol. 29, No. 19, October 9, 2000, 315-316.

<sup>59</sup> *UNDP Poverty Report 2000*, 5 and 8.

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