

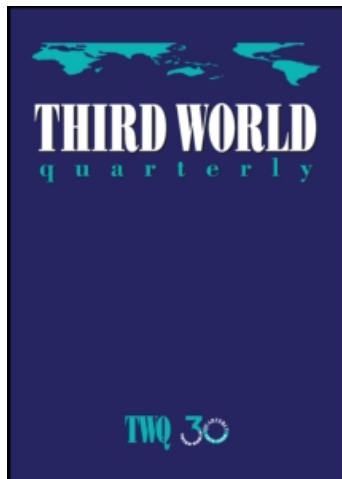
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# Beyond the North–South divide: the two tales of world poverty

JEAN-PHILIPPE THÉRIEN

**ABSTRACT** *For more than a generation the North–South divide was central to the explanation of world poverty. In recent years, however, the North–South analytical framework has been upset by the emergence of two competing approaches: the ‘Bretton Woods paradigm’ and the ‘UN paradigm’. Both approaches emphasise the impact of globalisation, but they differ considerably in their world-views, interpretations of the determinants of poverty and political platforms. In short, according to the ‘Bretton Woods paradigm’, the gap between the haves and the have-nots is in the process of being narrowed, whereas, from the point of view of the ‘UN paradigm’, the rich–poor divide is growing wider. In spite of the greater degree of political support currently enjoyed by the ‘Bretton Woods paradigm’, the ‘UN paradigm’ offers the most coherent alternate narrative on world poverty. Therefore, because they comprise the main theses in an unresolved debate, these two approaches can fruitfully be examined together.*

For more than a generation, the North–South divide was central to the explanation of world inequality and poverty. From the 1960s until the late 1980s, the image of a world split between the wealthy developed countries of the North and the poor developing countries of the South fuelled the activity of policy makers and scholars alike. In the diplomatic community, considerable human, financial, and technical resources were devoted to reforming international institutions in order to help the developing nations catch up with the developed nations.<sup>1</sup> In academic circles the notions of ‘North–South conflict’ and ‘North–South dialogue’ were the basis of many studies focusing, most notably, on international financial and trade flows.<sup>2</sup> Although all these efforts admittedly produced little consensus, for many years the metaphor of a world divided by a ‘poverty curtain’ informed the analysis of the international political economy.<sup>3</sup>

Today, the gap between rich and poor countries no longer has the resonance it once had. To be sure, the North–South cleavage does continue to be an area of reflection in international relations. Board and Melhorn Landi, for example, point out that ‘the North–South gap continues to widen in all but a dozen Third World countries’.<sup>4</sup> According to Korany, the end of the East–West conflict shows ‘that North–South bipolarity ... [was] the most perennial one’.<sup>5</sup> Some rather optimistic authors even argue that the fall of communism has opened new possibilities for North–South diplomacy because it underscores, as never before,

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the urgency of establishing a new framework for relations between the developed and developing countries.<sup>6</sup>

For most observers, however, the parameters of the North–South debate have changed radically. Explanations for this evolution vary enormously. For some, new attitudes have formed, such that ‘the traditional North–South divide is giving way to a more mature partnership’.<sup>7</sup> Others maintain that the South—or the Third World—‘no longer exists as a meaningful single entity’, or that it ‘has ceased to be a political force’ in world affairs.<sup>8</sup> Still others suggest that ‘the North is generating its own internal South’, and that ‘the South has formed a thin layer of society that is fully integrated into the economic North’.<sup>9</sup> As demonstrated by this *mélange* of opinions, the image of a polarisation between a Northern developed hemisphere and a Southern developing hemisphere no longer offers a perfectly clear representation of reality. In short, the understanding of international inequality and poverty has been substantially transformed over recent years. And it is precisely the nature of these transformations that this article attempts to clarify.

The approach adopted here is founded upon a tradition associated with the history of ideas. That tradition has recently enjoyed a resurgence thanks to a series of works variously referred to as ‘reflective’, ‘constructivist’ or ‘cognitive’.<sup>10</sup> What these works have in common is the belief that ideas, just like interests, help us to understand social behaviour.<sup>11</sup> Goldstein and Keohance, for example, suggest that, by providing ethical or moral motivations for action, ideas serve as ‘roadmaps’.<sup>12</sup> The history of ideas thus appears as a potentially fruitful avenue for deciphering the principles and values that underpin the exercise of international power. This is the perspective that will be applied here to probe the interrelated questions of international inequality and poverty.

The article argues that the notion of a North–South divide corresponds less and less to reality and is increasingly challenged by two competing interpretations of international poverty: the ‘Bretton Woods paradigm’ and the ‘UN paradigm’. The ‘Bretton Woods paradigm’ is associated with the discourse and practices of the international organisations that were conceived at the 1944 Bretton Woods Conference, that is, the IMF, the World Bank and the GATT, Now World Trade Organisation (WTO). The ‘UN paradigm’ is linked to the discourse and practices of UN agencies—the UN Economic and Social Council (ECOSOC), the United Nations Development Program (UNDP), the International Labour Organisation (ILO) and UNICEF, among others—whose mandate is primarily concerned with sociopolitical issues. The article focus on ideas emanating from international forums and institutions is justified for two reasons. First, international institutions have long played a key role in discussions on the global distribution of resources. As Peter Townsend recalls, ‘the United Nations and related agencies were developed to deal with different aspects of international poverty’.<sup>13</sup> Second, by virtue of their functions of socialisation and legitimisation, international institutions actively participate in the formation of particular world-views and in the development of intellectual trends.<sup>14</sup>

The Bretton Woods paradigm and the UN paradigm both seek to explain how globalisation has upset the North–South vision of world poverty. Despite this conjunction, however, there exists a major divergence between the Bretton

Woods paradigm, where globalisation is a factor favouring integration and progress, and the UN paradigm, where it is a multiplier of inequalities. On one side of this basic divide, poverty is considered a residual phenomenon that is waning geographically, while on the other it is seen as a serious problem on the rise. According to the Bretton Woods paradigm, the roots of poverty lie in the economic policy choices of national governments, whereas the UN paradigm emphasises the lack of international cooperation. These differences in perspective ultimately result in highly disparate political projects: the Bretton Woods paradigm favours a complete market liberalisation, while the UN paradigm insists on the need to subordinate the functioning of the world economy to objectives of social equity and sustainability. To be sure, the Bretton Woods paradigm currently enjoys a far greater degree of political support than does the UN paradigm. Yet, in the face of the domination of the Bretton Woods paradigm, the UN paradigm offers the most coherent alternate narrative on world poverty. Therefore, because they comprise the main theses in an unresolved debate, these two approaches can fruitfully be examined together.

In explaining the differences between the Bretton Woods paradigm and the UN paradigm, this article seeks to contribute to a better knowledge of the dynamics of multilateralism and global governance. Inasmuch as the struggle against poverty is central to any strategy aiming to promote human security, the paper is fully consistent with the research programme recently set out by the Secretary-General of the United Nations, Kofi Annan, for the benefit of students of international organisations wanting to develop a more sustained dialogue with policy makers.<sup>15</sup> The first part of the article summarises the conditions which have led to the decline of the North–South ‘roadmap’ as an analytical instrument for elucidating international poverty. The second part then shows how the Bretton Woods paradigm and the UN paradigm have recently reproblematised the issues of poverty and inequality. The article concludes with a discussion of some theoretical and policy implications stemming from the current state of the international poverty debate.

### **The North–South roadmap: the end of a world-view**

The failure of the 1981 Cancun Summit marked both ‘the collapse of the North–South dialogue’<sup>16</sup> and the beginning of a ‘lost decade’ for development. Henceforth, thanks to a number of structural and ideological factors, the North–South world-view lost a great deal of its power to shape international debates on inequality and poverty. On the structural level, the deterioration of international economic conditions created a new balance of power between the developed and the developing countries. In particular, the debt crisis had the effect of diminishing the ‘bargaining power’ of the South in relation to the North.<sup>17</sup> Because of their ‘financial distress’, the developing nations were confronted with ‘growing social unrest, impossible strains on governments and prospects of revolution or chaos’.<sup>18</sup> Summarising the general climate of North–South relations throughout the 1980s, the South Commission contended that: ‘the negotiations that have taken place, notably the Uruguay Round on trade, have been called by the North, with an agenda devised to further its global

interests'.<sup>19</sup> In sum, the evolution of global economic forces did not allow the concerns of the developing countries to remain a priority on the international agenda.

Given the approach adopted in this article, it must be stressed that, besides these structural changes, important 'ideological shifts'<sup>20</sup> also contributed to the marginalisation of North–South issues. These shifts resulted from a questioning of principles that were fundamental to traditional North–South politics. One of these principles was that the South constituted a relatively well identified and homogeneous group of countries. But such a view could not resist the shock of the 1980s and 1990s. Over the past 15 years, the widening gulf between the high-performance economies of East Asia and the stagnant economies of sub-Saharan Africa has seriously diminished the analytical and political usefulness of the image of a South united by the chains of underdevelopment.<sup>21</sup> The fragmentation of the South is vividly reflected in the 'graduation' of certain countries from the South to the North. For example, Mexico and South Korea have become members of the OECD, and Turkey has recently negotiated a customs union with the European Union.<sup>22</sup> If one also takes into account that certain ex-Soviet republics, formerly considered part of the developed world, have now become recipients of official development assistance, it is apparent that the changing nature of the Third World compromises its solidarity. As a result, the descriptive value of the term 'North–South' seems more and more disputable.

There is a second fundamental principle of the North–South bipolarity that was called into question in the 1980s: the general assumption that, given their differences of economic structure, the North and the South had different needs. In effect, in the current era of globalisation, the 'exceptionalism of developing countries' is less and less admitted.<sup>23</sup> This change of direction has manifested itself in different ways. Most importantly, it has brought about a profound reorientation of economic policies in the developing countries. As many observers have argued, the predominant thinking today is that 'the best way to achieve development is to enhance the role of the market, while diminishing that of the state'.<sup>24</sup> Actively promoted by the IMF and the World Bank, the new economic orthodoxy has resulted in a 'shift in public–private relations in the direction of greater support for ... the private sector' and a 'shift away from inward-oriented import substitution toward export promotion'.<sup>25</sup> This unique convergence of developing countries around free-market economic policies has deeply altered the traditional North–South configuration.

International negotiations on environmental matters further illustrate how the exceptionalism of Southern countries has been eroded in the recent period. When the environment emerged as a new political priority during the 1980s, several authors identified it as an area of North–South confrontation.<sup>26</sup> However, the most important consequence of the international debate on the environment was probably to dilute the distinctive character of Third World collective interests. The Brundtland Commission did recognise that 'developing countries ... endure most of the poverty associated with environmental degradation',<sup>27</sup> but its chief message was that environmental challenges are characterised first and foremost by their 'integrated and interdependent nature'.<sup>28</sup> In his testimony before the

Commission, Richard Sandbrook effectively brought out the impact of this viewpoint by explaining that:

it has not been too difficult to push the environment lobby of the North and the development lobby of the South together. And there is now in fact a blurring of the distinction between the two, so they are coming to have a common consensus around the theme of sustainable development'.<sup>29</sup>

Environmental politics thus helps to elucidate how and why globalisation has jostled the basic premises of the North–South cleavage.

Arturo Escobar recalls that, after the Second World War, a new item was added to the international agenda: 'the "war on poverty" in the Third World'.<sup>30</sup> It was in this context that the expression 'North–South' gained currency. Today, however, the conditions which legitimised this bipolar representation of the world have changed considerably. Because of the recent transformations of the international system, the issue of development is no longer so clearly defined nor so central in the analysis of the global political economy. As an illustration of the fading of the Third World, some authors have remarked that the notions of 'dependency' and 'imperialism' have been almost totally abandoned in the scholarly literature.<sup>31</sup> Not surprisingly, then, North–South studies have also fallen out of fashion. One consequence of the resulting intellectual void is that the debate on international poverty has lost its most useful roadmap.

### **New perspectives on international poverty**

As was demonstrated by the UN Summit for Social Development held in Copenhagen in 1995, world poverty is currently being redefined. In the process, two distinct, competing perspectives are emerging. While it is true that they share a common objective—to understand how the distribution of wealth has been affected by the dynamics of globalisation—the two visions are systematically opposed in most other ways. In everyday language, one might be described as optimistic, the other as pessimistic. In more political terms, one is the reflection of the ideology defended by the large international economic institutions (the IMF, World Bank, GATT/WTO), whereas the other corresponds to the approach supported by the UN and most of its specialised agencies. More specifically, the IMF, the World Bank and the GATT/WTO maintain that the gap between the haves and the have-nots is in the process of being narrowed. The UN and the group of organisations which constitute the UN system affirm that, on the contrary, the rich/poor divide is growing wider. At a time when the North–South image is increasingly called into question, the Bretton Woods paradigm and the UN paradigm have now become the principal roadmaps informing the debate on international poverty.

#### *The Bretton Woods paradigm*

As bastions of liberal capitalism, the Bretton Woods institutions have always been uncomfortable with the North–South vision associated with structuralism *à la* Raul Prebisch or with social democracy *à la* Willy Brandt. Nevertheless, to

accommodate the collective claims articulated by the developing countries during the 1960s and 1970s, the IMF, the World Bank and the GATT all had to adapt their policies to address issues of international poverty. It was in response to pressures from the Third World, for example, that the IMF and the Bank created a Development Committee in 1974 and that the GATT adopted its Part IV, allowing Southern countries to depart from the rule of reciprocity in 1965. Clearly, these are institutional innovations of a past era. They no longer coincide with the perception of poverty that the IMF, the World Bank and the GATT/WTO have developed in recent years.

As will be shown below, the current worldview of these organisations is ultimately shaped by the conviction that the international community is gradually winning the war against poverty. International financial institutions (IFIs) will be covered first. Although the policies of the World Bank and the IMF are informed by common objectives, the role of the Bank will be highlighted, since the IMF has always deferred to the Bank's intellectual and political leadership on issues of development and poverty. Subsequently, the positions of the GATT/WTO concerning international poverty will be examined.

The IFIs' understanding of poverty is founded upon a positive analysis of the postwar period:

Over the last five decades, average per capita incomes in developing countries have more than doubled. The GDPs of some economies have more than quintupled ... There has been a 'green revolution' in South Asia, an 'economic miracle' in East Asia, Latin America has largely overcome its debt crisis, and substantial gains in health and literacy have taken place in Africa.<sup>32</sup>

The optimism of the World Bank, which the IMF fully shares, is reinforced by the view that the economic conditions of the 1990s are particularly encouraging for the Third World. In the words of a recent World Bank report, 'Prospects for the global economy are among the most promising for growth and poverty reduction in developing countries in many decades'.<sup>33</sup> Positive factors include, *inter alia*, 'stable macroeconomic conditions, expanding flows of private capital to countries maintaining sound policies, and world trade growth at a solid 6–7 percent a year'.<sup>34</sup> Even the recent recession in Asia has not significantly altered the IFIs' confidence regarding the global economic environment.<sup>35</sup> Moreover, IMF experts assert that the South is less and less dependent upon cycles of economic activity in the North.<sup>36</sup> With such a favourable outlook, the IFIs are understandably prone to conclude that the international community has succeeded in rolling back poverty. In this respect, the Bank notes with satisfaction that 'twenty-five countries have "graduated" or phased out their reliance on World Bank lending',<sup>37</sup> and that between 1987 and 1993 the ratio of the world population living below a poverty line established at \$1 a day, diminished—albeit marginally—from 30% to 29%.<sup>38</sup>

Yet, notwithstanding the rosy picture that the IFIs like to paint, the World Bank admits that 'global optimism coexists with local pessimism'.<sup>39</sup> Similarly, IMF Managing Director, Michel Camdessus, cautions that 'the persistence of zones of extreme poverty is a scandal ... that is potentially more disruptive to the world than ever before'.<sup>40</sup> Such positions are based on the fact that in

absolute terms, the number of poor people continues to increase and that, in several Third World countries, average real per capita GDP in the year 2000 is likely to be lower than in 1980.<sup>41</sup> Acknowledging that the globalisation of the economy does not produce only winners, the Bank insists more and more often that poverty reduction is both 'the most urgent task facing humanity today' and the Bank's 'overriding objective'.<sup>42</sup> In fact, many observers agree that in the past few years 'the Bank's "refocus" on poverty has been dramatic' and that 'through new policy directives, increased levels of lending and research work, there has been a radical shift toward ... poverty-related issues'.<sup>43</sup> Also affected by this wind of change, the IMF emphasises more than ever 'the need for greater equality of economic opportunity' in its policy dialogue with developing countries.<sup>44</sup> Clearly, 'poverty alleviation' has become one of the main buzzwords in the contemporary jargon of IFIs.

To put recent changes into perspective, it should be emphasised that the IFIs had set poverty 'on the backburner' for most of the 1980s.<sup>45</sup> Little attention was paid at the time to the social effects of the structural adjustment programmes jointly monitored by the World Bank and the IMF. In 1987, a turning point was reached when UNICEF released a critical analysis of IFIs' policies under the evocative title *Adjustment With a Human Face*.<sup>46</sup> From then on, more efforts, particularly at the Bank, were directed to poverty alleviation.<sup>47</sup> Additional resources were devoted to projects in the health and education sectors and to the establishment of safety nets. In each of the years 1995 and 1996, almost one-third of World Bank investment lending was spent on poverty-targeted projects.<sup>48</sup> The Bank's adjustment loans were also adapted 'to make sure they would not adversely affect the poor'.<sup>49</sup> In line with this policy, 52% of adjustment programmes approved in 1995 were poverty-focused.<sup>50</sup> To ensure the coordination of all these operations, management structures had to be reformed, and a Poverty and Social Policy Department was created under the new Human Resources and Operations Vice-Presidency.

The more discrete strategy favoured by the IMF to alleviate poverty has consisted in increasing financial contributions to poor, mostly African, countries already engaged in a process of macroeconomic adjustment. Within this strategy, the enhanced structural adjustment facility (ESAF) has been presented as the Fund's main instrument. In 1995, the decision to make this mechanism self-sustaining was hailed as 'excellent news for low-income countries'.<sup>51</sup> For the IMF, poverty reduction 'must ... begin with re-establishing basic macroeconomic equilibria and completing the structural reforms needed to improve resource allocation and spur growth'.<sup>52</sup> Ultimately, economic agents have to be convinced that reform is irreversible. The IMF admits that the increased income disparity engendered by the adjustment process may compromise its political viability. This is why, like the World Bank, the IMF has now made the financing of social safety nets a standard component of its macroeconomic programmes.<sup>53</sup>

The IFIs' refocus on poverty, which has certainly been more than a simple public relations exercise, derives from an approach which is remarkably different from the old North-South vision. First, the Bank and the IMF place more emphasis on domestic, rather than on external, causes of poverty. Thus, poverty is treated as a consequence of 'country-specific imbalances, policy errors, or



political difficulties'.<sup>54</sup> It follows that 'the primary responsibility for fighting poverty lies with the governments and the people of developing countries themselves'.<sup>55</sup> In the light of this analysis, IFIs believe that poverty must be countered with selective measures addressing targeted states and populations, not with global reforms which would challenge the fundamental principles and rules of the international economic order. The expansion of food subsidies and micro-financing in World Bank programmes aptly illustrates the IFIs' central objective: not to transform the existing economic system, but rather to get poor individuals to adapt to it. It is exactly the same logic of 'adaptation' which informs IMF policies towards the poorest countries.

Another major distinction between the IFIs' world-view and the conventional North-South approach is the strong belief among IFIs that implementing 'market-friendly' policies is the only way to eradicate poverty. Hence, at the IMF and World Bank alike, the development of private enterprise and the reinforcement of international economic integration are considered priorities in any effective programme against poverty. The support for market liberalisation is founded on the conviction that 'Disparities in the level and speed of integration ... are closely associated with differences in growth rates'.<sup>56</sup> To guarantee the success of liberalisation programmes, one of the main recommendations of IFIs is that the reforms adopted by the developing countries to address poverty issues must be durable; accordingly, structural adjustment is now presented as 'a permanent discipline'.<sup>57</sup>

The optimism of the IFIs regarding the state of the international war on poverty—a central feature of the Bretton Woods paradigm—has the complete concurrence of the GATT/WTO. The conclusion of the Uruguay Round, the establishment of the WTO and the vigour of international trade in the 1990s have all contributed, according to the GATT/WTO, to an unprecedented consensus that trade is the engine of economic growth. This institution takes particular pride in the new role played by the developing countries within the multilateral trade system. With the Uruguay Round, the GATT/WTO claims to have succeeded in shedding its 'rich man's club' reputation.<sup>58</sup> As WTO Director-General Renato Ruggiero explained, 'Developing countries—and the economies in transition—now rightly see the WTO as *their* organization'.<sup>59</sup>

For the GATT/WTO, the Southern nations' new acceptance of the trade-growth linkage results, above all, from their impressive economic performance of recent years. From 1980 to 1993, the 15 most dynamic trading countries were all Third World nations.<sup>60</sup> Overall, the developing countries' share of world exports grew from 19% in 1973 to 24% in 1996. The rise was most spectacular in exports of manufactured products, a sector where the South's share increased from 5% in 1963 to 20% in 1996.<sup>61</sup> As a result of such achievements, the GATT/WTO believes that the debate on international poverty has been substantially altered. In Ruggiero's words, 'The long-standing political assumptions of the Cold War have become irrelevant and North-South relations, dominated so often in the past by unnecessary polarization and a dialogue of the deaf, have changed irrevocably'.<sup>62</sup>

Historically, the GATT had internalised the North-South cleavage and fought international poverty by accepting the application of a dual system of rules in

which the developing countries had fewer obligations than the developed countries. Some development-specific provisions were included in the GATT as early as the creation of the organisation in 1947, but it was during the 1960s that the idea of a two-tiered trade regime was fully legitimised. In this regard, Bernard Hoekman and Michel Kostecki observe that, after the creation of UNCTAD in 1964, 'special and differential treatment for developing countries reigned for the next 20 years'.<sup>63</sup> The Uruguay Round agreement questioned the North-South logic which, until then, had underpinned international trade law. From the WTO's point of view, this agreement constituted a decisive step towards 'the construction of a universal trading system, bringing together industrial, developing and transition economies within the same agreed and enforceable international rules and disciplines'.<sup>64</sup> This universalisation of international trade rules has sometimes been described as a 'dilution of [the developing countries'] special treatment'.<sup>65</sup> It may be more accurate, however, to speak of a 'second-generation' type of differential treatment, which is now reserved for only the poorest nations. Indeed, a major consequence of the Uruguay Round was to reduce the trade privileges of a majority of Third World countries and to reinforce those of the least-developed countries. With this new orientation, the WTO fully embraced the increasingly restrictive vision of international poverty which characterises the Bretton Woods paradigm.

The recent uniformisation of international trade rules came about in several ways.<sup>66</sup> First, the developing countries were required to bind their tariffs. According to WTO estimates, 61% of imports from developing countries are today the object of bound tariffs, compared with 13% before the Uruguay Round.<sup>67</sup> Although the levels of bound tariffs in the South remain relatively high, Third World countries have clearly lost one of their trade privileges. Second, the preferential margins provided by the Generalized System of Preferences to Southern exporters were reduced. Free-trade supporters argue that this reduction will be compensated by the gains obtained through the overall lowering of tariff rates, but for now this prognosis remains hypothetical at best.<sup>68</sup> Finally, the possibilities that developing countries had of subsidising their exports and of imposing quotas on their imports for balance of payments purposes have been considerably limited. In short, the Uruguay Round reinforced the idea that reciprocity and non-discrimination should be the universal objectives of an open trade system.

Yet, at variance with this trend towards the uniformity of international trade rules, the Uruguay Round also accorded a special and different treatment for the least-developed countries. In the *Decision on Measures in Favour of Least-Developed Countries*, adopted at the Marrakesh Ministerial Session, it was agreed that the least-developed countries would not be held to commitments inconsistent 'with their individual development, financial and trade needs, or their administrative and institutional capabilities'.<sup>69</sup> This Decision also recognised that the obligations created by the Uruguay Round must be applied 'in a flexible and supportive manner' in the case of the least-developed countries.<sup>70</sup> For example, in accordance with this principle, specific provisions were incorporated in the multilateral agreements on agriculture, textiles and services. Additional advantages granted to the least-developed countries included longer

periods of transition, increased technical assistance, and the application of more flexible rules in the settlement of disputes. More recently the WTO Plan of Action for the Least-Developed Countries launched in 1996, and the High-Level Meeting on Least-Developed Countries held in 1997, completed this series of measures specifically designed to favour a greater integration of the poorest countries into world trade.<sup>71</sup>

Elaborated principally by the IMF, the World Bank, and the GATT/WTO, the Bretton Woods paradigm proposes a new outlook on the inequality of global wealth distribution. The three institutions acknowledge that the elimination of poverty remains a major challenge for the international community. Their analysis, however, breaks with the old North–South approach on major points. The Bretton Woods paradigm presents a positive view emphasising the progress made by the Third World over the past half-century, as well as the improved expertise offered by international organisations regarding the management of poverty. For the IMF, the World Bank, and the GATT/WTO, poverty, far from being the product of an asymmetrical structure invariably biased against the South, is more the result of a temporary misadaptation of markets. This interpretation has two implications in terms of the policies stemming from the Bretton Woods paradigm. First, the Bretton Woods paradigm favours the liberalisation of markets, the assumption being that this will produce greater social benefits than would Keynesian policies. And, second, it promotes initiatives specifically targeted towards the needy groups and states often designated as ‘the poorest of the poor’.<sup>72</sup>

The foregoing analysis of the development of a Bretton Woods paradigm is reminiscent of the argument popularised by John Williamson on the emergence of a ‘Washington consensus’.<sup>73</sup> Yet it is important to note that, despite their hegemonic tendencies, the liberal market principles jointly defended by the IMF, World Bank, WTO, and US authorities are not unanimously accepted. As will be made clear below, the Bretton Woods paradigm is being fundamentally challenged by an alternative view of poverty: the UN paradigm.

### *The UN paradigm*

The UN has been more reluctant than the Bretton Woods institutions to abandon the North–South roadmap. After all, the promotion of this world-view was one of the principal *raison d’être* of the organisation for more than 20 years. Since the end of the Cold War, however, references to the North–South divide have been increasingly rare in the UN’s discourse. To fill the void, a new field of reflection and activity has emerged around the notion of ‘global poverty’. This development has recently attracted much attention from the media and the public through the holding of the Copenhagen Summit. Attended by 121 heads of state and government, this UN conference examined three interrelated themes: the alleviation of poverty, the promotion of employment and the enhancement of social integration.<sup>74</sup> By virtue of its agenda, the Copenhagen meeting has been emblematic of how, over the past few years, the entire UN system has been involved in the elaboration of a new vision of poverty and international inequality.

The idea of a UN paradigm on poverty is, of course, an analytical construction. The UN system is too fragmented and too complex to speak with one voice. Through their complementary contributions, however, institutions with mandates as diverse as the ECOSOC, UNDP, ILO and UNICEF have produced an innovative and strongly integrated interpretation of international poverty. One consistent feature of that interpretation is that, in comparison with the Bretton Woods paradigm, the UN paradigm on poverty is more pessimistic. First and foremost, the UN paradigm is founded on a contradiction that appears both politically and morally unacceptable in the present world order. As stated in the Copenhagen Declaration: 'We are witnessing in countries throughout the world the expansion of prosperity for some, unfortunately accompanied by an expansion of unspeakable poverty for other'.<sup>75</sup> While recognising the immense social and economic progress that has been accomplished everywhere in the world over the past half-century, the UN emphasises the unequal distribution of the fruits of development. In his speech at the Copenhagen Summit, former Secretary-General Boutros Boutros-Ghali summarised the UN paradigm in the most concise manner possible by affirming that 'the gap between rich and poor is getting wider'.<sup>76</sup>

Of all the UN agencies, it is probably the UNDP which devotes the most constant effort to the study of poverty. In its work on domestic poverty, the UNDP has documented how patterns of income distribution vary significantly across nations. In countries as different as Bangladesh, Brazil and the UK the disparities are growing worse, whereas in Colombia, India, and Canada they are being attenuated. While taking into account the diversity of national situations, however, the UNDP highlights the increasing polarisation of incomes at the international level. The organisation reports that between 1960 and 1993 the gap in annual per capita income between the developed and the developing countries rose from \$5,700 to \$15,400.<sup>77</sup> Moreover, according to UNDP evaluations, between 1960 and 1994 the share of world income of the richest 20% rose from 70% to 86%, while the share of the poorest 20% declined from 2.3% to 1.1%. The ratio between the two groups thus increased from 30:1 (1960) to 78:1 (1994).<sup>78</sup> An even more striking illustration of the magnitude of global inequality is the UNDP's estimation that the 447 wealthiest individuals have a net worth equivalent to the income of the poorest 50% of the world's population, that is, over 2.5 billion people.<sup>79</sup>

From a geopolitical perspective, the analysis of world poverty proposed by the UN includes elements of both continuity and change in relation to the traditional North-South approach. In terms consistent with that approach, the UN paradigm suggests that developing countries face particular difficulties in adjusting to globalisation because their economies tend to be more vulnerable to external shocks originating in the commodity and financial markets. Poverty, according to this reasoning, continues to be posited at times as a Third World idiosyncrasy. In general, however, the UN tends less and less to treat developing countries as a homogeneous group confronted by the same economic constraints. Although Asia continues to shelter the largest number of poor people, that region's economic 'take-off' is increasingly emphasised. In particular, the UN emphasises that income growth rates attained in East Asia constitute 'a record exceeding

anything experienced', and that, until the mid-1990s, Asia was the only continent of the South where the percentage of poor was decreasing.<sup>80</sup>

Hence, the UN paradigm breaks with the old North–South interpretation by recognising more clearly the growing differentiation within the Third World. Yet it is even more innovative in presenting poverty as a plague that has crossed over into the developed nations. In the mid-1990s, the UNDP observes, there were 37 million unemployed and 100 million people living under the poverty line in the OECD countries.<sup>81</sup> In other words, the broadening of the gap between rich and poor and the extension of poverty are now problems '[which] are global in character and affect all countries'.<sup>82</sup> Of course, the UN admits that there are enormous differences between the situations of the developed and developing countries. Poverty is much more severe in the South than in the North.<sup>83</sup> Furthermore, the deterioration of living conditions in the developed countries stems from specific causes, notably from a 'bifurcation in the occupational structure which is segmenting the job market between highly skilled and well-paid jobs and low-skilled, low paid and precarious work'.<sup>84</sup> While setting out these differences, however, the UN maintains that, in the North as in the South, poverty is aggravated by the same process of globalisation, that it mainly affects women and children, and that it leads to social disintegration. Clearly, the parallel now established between the poor of the Third World and those of the developed countries brings 'new dimensions to the global poverty picture'<sup>85</sup> and places further doubt on the pertinence of the former North–South roadmap.

In addition to its focus on the changing geography of poverty, the UN paradigm proposes a vision of the world which is less and less centred on the nation-state and on the economic dimension of social processes. The North–South perspective considered wealth and poverty as national categories; it assumed the existence of a systematic opposition between 'rich countries' and 'poor countries', as if states constituted unitary and monolithic entities. Today, the UN tends to regard poverty as a problem affecting individuals rather than states. In his declaration at the opening of the Copenhagen Summit, the Prime Minister of Denmark, Poul Nyrup Rasmussen, contextualised this change of attitude in unambiguous terms: 'Security of the State has been more important than security of people ... We have come to a turning point for mankind. At last we recognize that the security of people is the main topic of the international agenda.'<sup>86</sup> The words of the Danish Prime Minister help us understand why, during the 1990s, the UN devoted so much effort to bringing out the 'human face' of its responsibilities. Indeed, the more 'people-centred' vision of poverty, foregrounded in Copenhagen, corresponds to a trend which is also apparent in recent UN conferences on children (1990), human rights (1993), population (1994), and women (1995). The realignment of the UN discourse should not be minimised. In the words of Mahbub ul Haq, one of the most influential thinkers behind the UN paradigm, the greater focus on human beings is nothing less than 'a revolutionary way to recast our conventional approach to development'.<sup>87</sup>

The UN paradigm also presents poverty as a problem which, besides its economic aspects, comprises sociological and ethical dimensions: 'A poor person is not only one who is hungry but also one who is oppressed, humiliated and manipulated'.<sup>88</sup> The eradication of poverty is thus increasingly associated

with the need to promote a better social integration and a more efficient system of justice. The UN perspective intersects with themes developed by Amartya Sen, Partha Dasgupta and Peter Townsend, who have each tried to approach poverty in terms which go beyond the distribution of income.<sup>89</sup> For the UN, the struggle against poverty cannot succeed if it is limited to reinforcing economic growth. It must be based as well upon the improvement of social cohesion, which demands a greater equality of all before the law and a greater participation of citizens in the decisions that affect them.

The UN's concern for these questions has been largely influenced by current Western European debates around the concept of 'exclusion'. The theoretical and political value of this notion for the analysis of global poverty has been underlined on several occasions. The concept of exclusion, it has been argued in a series of ILO-UNDP studies, has the advantage of emphasising relational more than distributional issues in that it encompasses the conditions of citizenship and the place of individuals in social institutions.<sup>90</sup> Moreover, it incorporates an integrated view of 'material deprivation, employment situation and social relatedness (formal and informal) as major components of people's disadvantage'.<sup>91</sup>

The UN paradigm also ascribes unprecedented importance to the ethical dimension of poverty. However, this aspect of the UN discourse remains relatively underdeveloped because international diplomacy has never been greatly preoccupied with moral issues. The preparations for the Copenhagen meeting nonetheless included elaborate discussions on the ethics of social progress and, in the final Summit Declaration, world leaders explicitly acknowledged 'that our societies must respond more effectively to the material and *spiritual* needs of individuals ... throughout our diverse countries and regions'.<sup>92</sup> In its critique of today's dominant ideological model, the UN particularly deplores the fact that money has become 'the main driving force of contemporary societies'.<sup>93</sup> It also condemns the overriding values represented by the cult of competition and the drive for profit because they engender various forms of social Darwinism and marginalisation. For the UN, the consumerism which defines contemporary civilisation accentuates the division between rich and poor, between winners and losers. As such, it responds inadequately to the exigencies of human dignity. Materialism would not, therefore, seem to offer a sustainable solution to the problem of poverty. 'Poverty is material', recognises the UN, 'but also spiritual; it consists of the absence of hope, boredom, solitude which is not sought but endured'.<sup>94</sup> Thus, the UN paradigm seeks to take into account all the complexity of the social environment in which poverty exists.

As suggested earlier, the specific form and tone of the UN paradigm on poverty varies from one institution to the next within the UN system. A brief examination of the ILO and UNICEF—two agencies well known for their involvement in the poverty debate—can shed light on how the UN message has been adapted to the diverse social and economic missions of particular organisations. The ILO, for instance, has been interested in the issue of poverty for a long time. The Philadelphia Declaration, adopted in 1944, already affirmed that 'poverty anywhere constitutes a danger to prosperity everywhere'.<sup>95</sup> In its recent analyses, the ILO underlines the growth of international inequalities and the convergence of the economic problems of the North and South. The ILO is particularly

concerned by the globalisation of unemployment, which it regards as contrary not only to ethics but to economic rationality as well.<sup>96</sup> Although it assumes different forms in developed and developing countries, global poverty is imputed to common causes, most importantly the lack of coordination of economic policies. As a corrective, the ILO proposes a new commitment by all governments in favour of full employment. Yet the realisation of this objective—which was taken up in the Copenhagen Declaration—remains linked to an important change of attitude. In this perspective, the Director-General of the ILO recently called for a rejection of the dominant ideology whereby ‘human progress is more important than actual human beings’.<sup>97</sup> For the ILO, the international community should urgently stop reinforcing ‘the artificial separation of economic and social issues’<sup>98</sup> and start promoting greater cooperation among all international institutions involved in trade, finance, employment and social policy. In sum, the ILO participates in the UN paradigm through its emphasis on the problems common to the North and the South, and through its desire to position the poverty question in a framework that exceeds the economic dimension.

UNICEF, as mentioned above, played a noticeable role in the renewal of the debate on poverty through its publication of *Adjustment With a Human Face* in the late 1980s. Besides that unique contribution, which has had an unexpected impact on the thinking and practices of the World Bank and the IMF, UNICEF has promoted the strategic tenets of the UN paradigm in various other ways. More specifically, UNICEF maintains that poverty is not restricted to the South. The organisation emphasises that the countries of the North ‘are societies where absolute poverty remains a problem ... and where social and environmental problems ... are all perceived to be increasing’.<sup>99</sup> UNICEF’s *Progress of Nations 1994* reported, for example, that 20% of American children live in poverty, a significant increase relative to the early 1970s.<sup>100</sup> Concerning the high-profile question of child labour, the organisation noted recently that ‘hazardous forms of child labour can be found in most rich countries’.<sup>101</sup> For UNICEF, it is clear, too, that the struggle against poverty is not solely an economic issue, a point of view it strongly defended in the negotiations on the Convention of the Rights of the Child, adopted in 1990. In that treaty, the traditional needs-centred approach of UNICEF has been replaced by an approach more orientated towards the promotion of children’s ‘rights’—not just economic but also civil, political, social and cultural. Significantly, while commending the alacrity with which government worldwide ratified the Convention, UNICEF affirms that children’s lives will be truly improved only ‘when social attitudes and ethics progressively change to conform with laws and principles’.<sup>102</sup>

Though expressed in different tones, the UN paradigm offers a strong, coherent conception of poverty, a conception shaped essentially by the conviction that poverty is being globalised. In this regard, the UN paradigm clearly distinguishes itself from the old North–South vision, which assumed the existence of an international ‘curtain’ of poverty. The UN and its specialised institutions arrive at a twofold verdict on globalisation. On the one hand, they recognise that this process gives rise to extraordinary technical and economic progress; on the other hand, they maintain that globalisation leads to an intensification of inequalities. For the UN, the liberalisation of trade and the

TABLE 1  
Three approaches to world poverty

	<i>Traditional North–South approach</i>	<i>Bretton Woods paradigm</i>	<i>UN paradigm</i>
Worldview	Bipolar division between rich and poor countries	Inclusive globalisation	Two-tiered globalisation
Geography of poverty	Developing countries	Economic integration	Social exclusion
Determinants of poverty	External factors (economic environment dominated by developed countries)	Least-developed countries	Internal and external factors (conflict between economic objectives and social needs)
Political platform	New international economic order	Internal factors (non ‘market-friendly’ economic policies)	Sustainable human development
		Liberalisation of markets	Inter-generational equity
		Competitiveness of firms	

opening of financial markets have deprived national governments of their capacity to intervene in social matters while, at the same time, reinforcing new centres of power that are neither representative nor accountable. This situation has been described as a form of ‘non-regulation’ of the international order.<sup>103</sup> To resolve this impasse, the UN calls for the establishment of a global social contract founded on a ‘rehabilitation’ of the state and a democratisation of international institutions.<sup>104</sup> According to the UN paradigm, without such a contract, the security and well-being of all will be compromised.

### Conclusion

This article has sought to demonstrate that poverty is a social construction, one whose definition is constantly evolving as changes occur within the world order. For more than 20 years, the North–South divide held sway as the pre-eminent analytical framework for explaining global poverty. Over the last decade or so, that framework has been upset by the emergence of two distinct approaches, which have been identified here as the Bretton Woods paradigm and the UN paradigm in acknowledgement of the intellectual leadership exerted by international organisations in their elaboration. The principal differences between the traditional North–South approach, the Bretton Woods paradigm, and the UN paradigm are summarised in Table 1. As this table makes clear, contemporary analyses of poverty all view globalisation as an element of paramount importance. In spite of this convergence, however, the Bretton Woods paradigm and the UN paradigm differ considerably in their respective world-views, interpretations of the causes and spread of poverty and political platforms.



From a theoretical perspective, one of the conclusions highlighted by the contemporary debate on poverty is that the fields of international relations and development studies share many common concerns. Whereas international relations is less 'poverty-blind' than it once was,<sup>105</sup> development scholars are ascribing greater importance to the understanding of global power structures. More specifically, international relations specialists tend increasingly to consider poverty an international phenomenon whose analysis cannot be confined to Third World studies and comparative politics. As Mary Durfee and James Rosenau point out, 'poverty issues are no longer the exclusive preserve of developing societies that have yet to raise their standards of living to acceptable levels'.<sup>106</sup> Conversely, international relations offers students of development a number of useful insights into the question of globalisation. For one thing, global governance is an expanding area of reflection in international relations studies. Furthermore, international relations can nourish the investigation of development issues through its systematic discussion of how globalisation is transforming the role of the state and, more particularly, the relationship between the state and the market.<sup>107</sup> Thus, in the light of the natural convergence of interests between international relations and development studies, the cross-fertilisation between the two fields is likely to increase.

From a practical, policy-orientated perspective, the poverty debate makes it imperative to devote time and energy towards a compromise between the Bretton Woods paradigm and the UN paradigm. In spite of its implicit difficulties, this undertaking is more and more pressing. To date, the most earnest attempt at compromise results from the *Agenda for Development* adopted by the UN General Assembly in June 1997.<sup>108</sup> The *Agenda for Development* strives to reconcile in a number of ways the conflicting positions of the Bretton Woods paradigm and the UN paradigm. For example, the document explains that poverty is a global problem but one which especially affects the countries of Africa and the least-developed countries. In addition, the *Agenda for Development* presents globalisation as at once a great source of opportunity and a process that threatens to marginalise many states of the Third World. It emphasises the notion that every country bears primary responsibility for its development, yet, at the same time, underscores the need to heighten the role of multilateral institutions in the management of the world economy. Finally, the *Agenda for Development* suggests that the promotion of sustainable development is entirely compatible with market liberalisation.

Although it does represent an effort at innovative synthesis, the *Agenda for Development* is in no way certain to bring about a lasting revitalisation of the debate on international poverty. First, the document articulates a position apparently still too isolated to be indicative of a major trend. More fundamentally, the *Agenda for Development* has not done away with all the disagreements between the Bretton Woods paradigm and the UN paradigm. Supporters of the Bretton Woods paradigm feel the document lays too much emphasis on themes such as solidarity and the strengthening of the UN's capacity to intervene in the coordination of macroeconomic policies. Those who support the UN paradigm find it contains little criticism of globalisation and overestimates the room to manoeuvre actually available to governments of developing countries. Given

these circumstances, the *Agenda for Development* may conceivably be forgotten in short order, much as the *Agenda for Peace* was in the mid-1990s. Such an outcome, which cannot be readily dismissed, would nevertheless be a disappointment. With all its imperfections, the middle-of-the-road approach taken in the *Agenda for Development* is the only feasible way out of the impasse in which the debate on international poverty has been bogged down for the past number of years.

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