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Rethinking Development: Poverty and Inequality in the Global South

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Abstract

The international development system promotes global progress across all sectors through cooperation, collaboration, and assistance. However, this system, dominated by wealthy nations, often exacerbates income inequality and poverty, particularly in the Global South. Despite foreign aid, trade, and investments intended to reduce poverty, the disparity between rich and poor countries persists. Moreover, the role of multilateral institutions and development agencies often deepens, rather than alleviates, the challenges of poverty and inequality in these regions. The objective of the paper is to explain and examine the unequal status of the development system, poverty in the Global South compared to the global north. In the development race, the developed and rich countries go beyond their area for the development of the world, as their concern is to develop the world mutually. While conducting different development activities throughout the developing countries, the developed countries have considerable interest in the market and resources. Negative consequences of globalization, lack of capacity of developing countries in competition over market, and specific policies implemented to the developing countries are the primary reasons for the poor countries to manage inequality and poverty. As the WTO, IMF, and World Bank help in trade policies, assistance and loan to the developing countries they provide different set of rules to be followed by developing countries. Therefore, globalization, poverty, income inequality and dependency are the primary reasons for the gap of development in the global south. A library-based analytical approach has been utilized to conduct this research.

Keywords : Development, Global South, Inequality, International Organizations, Poverty

Introduction

The international development system is a modern trend throughout the world that emphasizes the development of the world parallelly in all sectors. Similarly, the international development system is believed to be the concept for the development of all states thoroughly with cooperation, collaboration, and assistance. In the global development system, aid assistance and loans are the center of concern as the rich countries play essential roles in different developing and poor countries, especially in the global south. Income inequality and poverty are the major issues in the developing countries of the world, where people are in extreme poverty. Many countries around the globe in a globalized world are facing financial problems and intervention over resources. As mentioned by Grindle, "most developing countries are young and under pressure to create conditions that took developed countries decades and even centuries to achieve"(Grindle 57). The role of the multilateral institutions and different development agencies, regulated by rich countries, and their participation in developing countries, has contributed in deepening inequality and poverty rather than minimizing it.

Global South, as a developing region of the world, is known for its prevailing poverty which has become an interest of the wealthy and multilateral institutions with various strategies and objectives to fulfill their desire. Although foreign trades and investments are believed to have the potential to reduce poverty through greater economic participation they are often associated with increasing poverty in the region pushing the countries to the corner of poverty causing even more conflicts in the areas like: social, economic, and cultural (Hall and Bass 236)

Resutls and Discussion

Poverty and the Atmosphere of Development in Developing Countries

Poverty is considered a major challenge to global development. Countries are divided and categorized in terms of their economic strength. The level of poverty of a particular country helps determine its status whether rich or poor. Poverty is a situation where an individual or a citizen of a country remains beyond his needs. The income of the people is considered an indicator of poverty. Poverty is the state of not meeting even the minimum standard of life; life standard is varied in different contexts because the particular government of a state sets such standards on the basis of its economy; for example, what we call luxury in Nepal may be considered the primary need in Norway (Pernia and Quibria 1867). Especially in underdeveloped and developing countries, poverty prevails. Pernia & Quibria define the poor as individuals whose income fall below one US dollar per day. The World Bank estimates that there are about 1.3 billion poor people in all developing countries (Pernia and Quibria 1869). The income inequality of the world population is very famous, and inequality in the global south is very complex compared to the North as most of the countries in the global south are developing and underdeveloped. Through globalization, the global market is being expanded throughout the world; such integration of the market in the economy must focus on reducing the gap in income of developing countries, as developing countries are the center of manual and unskilled labor with a huge market (Ha 555).

The government is the main factor in the issue of poverty and income of the people. If the government goes with the proper distribution of the plan and policy, the issue of poverty gets easier to be countered. Government responses and concerns about income inequality in developing countries are found to be less than expected, and most developing countries do not care about it (Ha 557). The government should be on the right track with its acting bodies and institutions for the country's development, and its role must be explicit, progressive, and collective. It is widely believed that most developing countries, especially in the global south, work in cooperation in the interests of the developed countries because of the vast market and resources. As developed countries put their interests in developing countries, they certainly influence at different levels, like at the government level or through different campaigns in the economic or social sector. Governmental institutions get weakened because of the over reliance on developed countries. Decisions of the government need to be more explicit; people who serve the government require to be well-trained for better performance, and representatives of the governments from the developing countries should strongly present their opinion on the table of dialogue prioritizing the national interest (Grindle 35).

Globalization and Inequality in Developing Country

Globalization is the phenomenon for the international community which is believed as the connectivity among the states and the non-state actors. Primarily, globalization is in discourse in developing countries as it is critically analyzed regarding poverty and inequality in developing countries. Contemporary debate about globalization and inequality in the Global South has risen about whether they play a positive or negative role in development. The quick approach to goods and services can be taken as the peripheral perception of globalization. Moreover, globalization has a vast and deep connection among the units worldwide as it was established and famous after the Second World War with the aim of cooperation and mutual benefit in international relations. When we look at the example of globalization, people from developing countries can easily access the brands of developed countries. Apple phones are standard throughout the world, it happened because of the connectivity of the state and companies. Globalization is a significant challenge for developing countries. It creates different gaps. Through globalization people can gain different knowledge developed countries. Still, they lack independent knowledge in a particular context, making developing countries more dependent and decreasing their quality when they copy the developed model without considering their local capacity.

Globalization was expected as the tool to reduce income inequality through free trade in which the demand for goods and services increases and at the same time, demand for skilled and unskilled labor gets high. However, through globalization, income inequality in developing countries has risen(Ha 543). Global connection and the connection of the people and the state worldwide make different kinds of mutuality either directly or indirectly. People from developing countries get connected or linked to different social, cultural, political, and economic levels of the developed countries and try to imitate, which leads to poverty and inequality at different levels (Ha 547). Openness in trade and free trade areas minimizes the borders and makes the supply of goods easier to every corner, making it easy to access the goods everywhere. Such openness creates a suitable environment for the companies and producers as they get a considerable market. However, in the developing countries, they need more potential goods compared to developed countries. Poor countries get under pressure of rich and industrialized countries, and it seems to be the flavor of monopoly in business and economy(Hall and Bass 255).

Inequality is the major challenge in the global south, which is connected to different societal units. Unequal treatment in terms of social, economic, and political level is found in developing countries; poor people are mistreated, and even the government needs to address the problem of inequality. Such inequalities have a lousy impact on the global community, and global community intervention trends increase. Economic inequality, especially income, is associated with the trend of historical tendency of inequality rather than contemporary policies, and its connection with the components of globalization is negatively connected with inequality (Ha 549).

International politics in the recent decade seem aggressive and interventive over the developing states as powerful states are in the race to gain power through different means like trade, aid, and assistance to the developing countries. The international system and policy for the international system are based on developed countries. Similarly, control over resources in developing countries is the primary concern of the developed and wealthy countries in a hidden way. As Thomas and Barbara mention:

Another common feature is dependence and vulnerability in international political and economic relations. Economic and political power distribution between rich and poor nations is highly unequal. Nowhere has this vulnerability been more evident than in the Asian financial crisis of mid-1997 and 1998. Wealthy nations can control the pattern of international trade; can determine the terms according to which technology, capital, and aid are made available to developing countries, and now, with a flick of a key on a computer, can control financial flows in ways that may be highly detrimental to the developing world and mainly beneficial to the financiers of the North. Globalization is quite segmented and is creating widening inequalities between nations (Thomas-Slayter 361).

International Development System

The international development system is a widely sped phenomenon after the Second World War. It is developed with the aim of cooperation and mutual understanding. Diversity in countries and their capacity in the world community is the major features of the international community; some countries are poor, and some are rich. The international development system is developed for assistance, aid, grants, and loans directly by the countries at the bilateral level or through different multilateral institutions. In the world context, most countries are developing and struggling to develop their economic and physical infrastructure capacities.

Multilateral organizations play an essential role in developing countries as developed countries regulate them, i.e., the role of developed and rich countries is high in multilateral institutions. After World War II, the world went into the option of communism and capitalism (Bøås and McNeill 184).The competition between the United States and the USSR was the main reason for the international development system, as they were in the race to control and gain power over the world. Through establishing multilateral institutions with high interest, rich states started their active participation in the developing world as the developing world is considered the populated center of resources and markets.

Multilateral Institutions and Development in Developing Countries

When we look back at the international development system, it visibly started after 1945. When the world got divided between communism and capitalism, the United States started its financial aid and assistance for the reconstruction of Europe with political and economic projects through the Marshal Plan (Bøås and McNeillb 184). From the mid-1950s to 1970s, economic growth was considered a mutual effort in the world and believed to be the core idea of development; at the same time, basic needs for the people must be gained, like education and health 4(Bøås and McNeill 184). The period after the 1980s, often referred as the 'adjustment decade', saw the most conservative policies been widely adopted in the West, establishing faith in market free trade and liberalization in trade and believed to achieve economic growth and poverty reduction 4 (Bøås and McNeill 184). Communism was no longer a threat to capitalism and the United States was considered as the world's most powerful country; similarly, poverty and inequality, in turn, affect growth in 1990s (Bøås and McNeill 184).

World Bank, UNDP, WTO, IMF are the active and mainly engaged multilateral institutions worldwide. Multilateral institutions play a dual role - they, sometimes, forward solutions to some complications and sometimes create problems. They generate different kinds of contradictions and play vital role in pulling down the underdeveloped countries to poverty throughout the world (Bøås and McNeill 184). Developing countries are the primary concern of the multilateral organization to where they help, aid and grant loans. When such organizations put their interest in developing countries, they certainly keep their hidden interests in those countries which lead to the intervention or domination in a hidden way. It is believed that multilateral institutions are developed with the aim of development throughout the world. However, there is a debate that multilateral organizations have huge interests behind them. Bøås and McNeill mention that multilateral development organizations play an important role in assisting poor countries with loans, grants as well as technical advice. At the same time they also influence the poor countries on development policy and practices(Bøås and McNeill 184).

Most of the poor countries of the world got linked with the developed countries through different means and measures; they started learning from the different models of the developed countries, However, the learning process was often incomplete, which ultimately widened the gap between the rich and the poor countries instead of narrowing it. The gap between poor and rich increased rather than compensated with the irrelevant practice of the poor countries. As McNeill mentions, "It was generally assumed that developing countries could follow the path of rich countries-catching up by virtue of technical and financial assistance" (Bøås and McNeill 185). Which was limited only to the dream of poor countries (Bøås and McNeill 186). Trend of aid in developing countries increased and the debt of the poor countries came in the consideration for the relief of developing countries. Independence of the countries made different kind of aid atmosphere throughout the world in terms of cooperation, assistance and aid. Poor countries became the center for aid flow, but the particular aid distribution seems unmanaged and unsystematic. Donors, institutions and aid providing states, make their interests in resources, governance and mostly in the policy level of the poor countries. McNeill mentions that in order to obtain debt relief and development assistance, poor countries were required to prepare so-called poverty reduction strategy papers (PRSPs), indicating what policies they would pursue and how these would contribute to the primary aim of reducing poverty, including all sections of society for the preparation of PRSPs (Bøås and McNeill 187).

The Role of Multilateral Institutions in Globalization and Development Disparities

Multilateral institutions operate with their specific area of work for developing poor countries. Indeed, they are playing an essential role in globalization and making exchanging ideas and goods worldwide easy. International Monetary Fund (IMF 1944) and World Trade Organization (WTO 1995) are not development agencies but play vital role for the poor nations of the world. with their establishment, all the institutions are supposed to work for a smooth financial system and promote prosperity(Chomsky 175). In the contemporary world, such institutions give the sense of control of resources and policies, making the gap between poor and rich rather than minimizing gaps.

WTO is the multilateral institution focused on preparing different trade policies and making flexible trade policies worldwide. There are different kind of challenges and boundaries for the world trade for making the transfer of goods easier. As mentioned according to mainstream theory, trade barriers are believed to be the points for the economic development. Mainstream theory suggest that increase in trade is profitable for the involved units but there is the unequal distribution of such benefits and powerful party supposed to have more profits than weak (Bøås and McNeill 189). Countries who are interested to join multilateral institutions are compelled to go through the specific rules and regulations of the institution which may make some conflict in the participation in different level, as the set rules and regulations of the institutions may not be suitable for the poor countries or their capacity to adopt with the rules might be minimum than expected. When we see in the context of the WTO there are nearly 150 countries as the members, where countries have to accept and go through the rules set by them and practice according to the definition of the rules by WTO. The rules and the definition of the rules are set among powerful and wealthy countries where rules are in control of richest countries (Bøås and McNeill 190). At the same time poor and small countries feel the inferiority set by the vast institution like WTO and started to make small unit for the development with cooperation among small countries. Regional and issue-based collaboration is started among developing countries, making a more reasonable impact (Bøås and McNeill 192). In the context of poor countries, especially in the global south, WTO's influence and impact is high. This area is considered the global market with high population and resources, and their interests are high in trade and business.

International Monetary Fund (IMF) as an international institution to work in the field of development worldwide believed to maintain development smooth. IMF is not considered a development organization but believed to have an essential role in developing countries and responsible for creating an easy atmosphere for the global financial system (Bøås and McNeill 189) . In the international trade set of policies, all the states seem to participate, but wealthiest countries have the most power in making and implementing the rules (Hickel 1865). IMF's role is to provide loans to the smaller and poorer countries of the world by protecting its shareholder's money when it provides money in the form of loans, it attaches many conditions where borrowing countries must follow binding rules set by the IMF, which are essential to bringing the economy on balance, but in the developing countries, the main problem is to identify the appropriate policy and rules (Bøås and McNeill 193). When small and poor countries need to identify the specific rules, multilateral institutions positively affect them.

World Bank is a multilateral institution established to provide long term loan to poor countries for the investment in different development sector. World-bank changed its role as the financier to the infrastructure projects to development agency in the world, with multiple activities, making various influences over the governments of poor countries (Bøås and McNeill 195). In the context of developing countries, the concept of regional banks are developed to make regional cooperation for development as the model of the World Bank, for example in the context of Asian Development Bank (ADB), it is established to manage cooperation among Asian countries. Small and poor countries felt the intervention by the rich and developed countries, and they started the regional effort for the financial cooperation. As mentioned by McNeill, "their different regional circumstances influence regional bank, and a desire to maintain a distinct identity" (Bøås and McNeill 196).

Multilateral organizations are playing the role of development agency in the contemporary world, as the states' connectivity is increasing rapidly at the same time dependency of the poor countries to the developed and multilateral institution is increasing as they are primarily focused on the readymade development rather than gradual and by own effort. Dependency of the state lead to the intervention of the rich to poor more in the financial, political, societal sectors. "The policies and practices of multilateral organizations are determined by the interplay of numerous different actors and groups of actors, representing different interests. And, presenting multilateral organizations are created by states, and, according to a simplistic analysis they are no more, than the states which control them" (Bøås and McNeill 188).

Conclusion

Different state and non-state actors are the major components for the development of the world. In the development race, the developed and rich countries go beyond their area for the development of the world, as their concern is to develop the world mutually. While conducting different development activities throughout the developing countries, the developed countries have considerable interest in market and resources. Multilateral institutions and development agencies come with different rules and compel developing countries to engage on those rules which make gap in different context and objectives of the multilateral institutions and countries need to meet which create more inequality. Interventive and controlling nature of development program by developed states are the main reasons of the backward of the developing countries. Similarly, negative consequences of globalization, lack of capacity on developing countries in competition over market, specific policies implemented to the developing countries are the primary reasons for the poor countries to manage inequality and poverty. As WTO, IMF, World Bank help in trade policies, assistance and loans to the developing countries they provide different set of rules to be followed by developing countries. Therefore, globalization, poverty, income inequality and dependency are the primary reason for the gap of development on global south.

Conflicts of Interest

The author declares no conflicts of interest.

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