

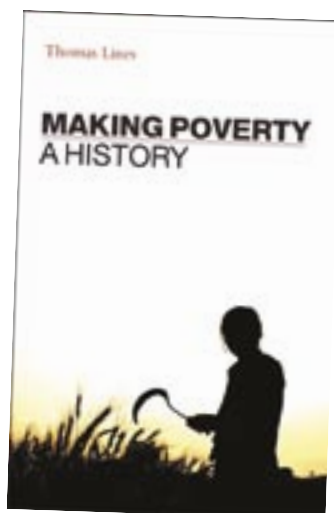
Making Poverty A History

Reviewed by: **Howard Smith**

Thomas Lines
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(It) cannot be contended nowadays that it is impossible to manage prices so as to introduce stability into them. The real questions are: Who is to do the managing? And for what purpose? Is it to be done by powerful corporations (to make) as much profit as possible, or is it to be done on behalf of the community for the general well-being as the end in view?... Free competition never was a safeguard for the people.

– **Lord Addison, British minister of agriculture in 1939**



Thomas Lines's lucid explanation of the contribution that global economic policies make to creating poverty includes the important reminder that "the economic aspects of globalisation arise directly from policy [and] are the consequence of decisions made by governments over the last 25 to 30 years, and [that] such decisions can be reversed as easily as they were made". It is a book that should be read by anyone – particularly in government at whatever level – who is less than certain that they know how to "make poverty history".

The focus of this study of created poverty is the rural poor, estimated at 80 percent of the 1.64 billion people living on less than US\$1 per day in 2007. The continued worsening of their relative position is related to the widening gap between the developed and developing countries, described way back in 1969 in the Pearson Report on International Development, as "a central problem of our times". Lines shows how policies since then have worsened the situation of the poor and undermined development efforts that could otherwise have reversed the trend.

The policies of the World Bank and the IMF in the early 1980s, which became known as the Washington Consensus, replaced development paths pursued in previous decades. Its steady entrenchment distorted development at a national level and increased dependency on international trade, the terms of which have increasingly favoured the developed consuming world over the less-developed producers. Globalisation's effect on poverty in Africa is traced from the World

Bank's 1981 Berg Report, which proposed that "accelerated development could be achieved if both international and domestic markets affecting African countries were freed up". Lines cites one critic from that time arguing that, "when African finance ministers had asked the World Bank what it could do in the 1980s to enhance African development, what they received, instead, is a study of what African governments should do to promote Western capital". What followed was the dismantling of tariffs, import and export quotas and national marketing boards, export-oriented policies for commodities, and the World Bank's insistence on an export-led model for agricultural growth.

Over-reliance on the export of a limited number of primary commodities and agricultural products has exposed developing countries to the vagaries of the international market which are well beyond their control. Lines refers to Botswana as an exception: development there relied on diamond exports and benefitted from the controlled and stable nature of the world diamond market. But that stability has been of little help with the collapse of demand in the last year. Diamonds made up 65 percent of Botswana's exports in 2008, but it has sold few gems since, exposing the policy-based vulnerability of southern Africa's (until recently) most rapidly growing economy.

Agricultural pricing policies are a large part of Lines's critique. Lines tabulates figures which show clearly the declining value of exports relative to imports for many developing countries and highlight their growing net import of foodstuffs. Poorer countries are trapped in a cycle of growing dependence on exports to meet the cost of essential imports at the same time that globalised retailers' purchasing power dictates a shrinking income for the producer countries.

The current global economic crisis presents an opportunity to challenge and reverse the negative impacts of globalisation on development and to combat poverty in all its dimensions. Here in South Africa, the election of the ANC government on a platform that committed it to prioritise the poor, address rural development and food security and create decent jobs provides a political opportunity to introduce changes. Lines's work includes six policy re-directions for consideration:

- restore governments' power to determine their own policies
- end the requirement for export orientation
- restore international prices for agricultural products
- restore the balance of power along international supply chains
- support domestic agriculture and production of staple foods
- promote domestic and regional trade, especially in staple foods.

Add to these a strict adherence to ILO labour standards (which, Lines points out, are internationally legally enforceable) and accelerated implementation of SADC regional trade and co-operation agreements, and one has moved decisively onto a new track of development.

