THE WEST’S EXPLOITATION OF UGANDA, AND ITS PERPETUAL STATE OF POVERTY

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POL 245: Conceptions of Global Powers

December 10, 2015

Introduction

Situated in East Africa, the landlocked country of Uganda is one of the multiple impoverished nation-states in Sub-Saharan Africa and ultimately across the globe. A trip thirty miles south of the nation’s capital of Kampala to the rural village of Sitabaale exhibits that poverty is a prominent social ill indiscriminately affecting all residents. At the bend of the main dirt road stands a group of children wearing old, tattered, dirt-stained clothing with no shoes on their feet. Most of these children have lost a parent to HIV/Aids, hunger, or malaria, and some of these children have lost both of their parents to any combination of these poverty-related causes of death. Commercials with similar scenes to the aforementioned situation air on television constantly advertising how one dollar per day can remove this child from this vicious cycle of poverty; however, if the solution is that simple, why is poverty in Sub-Saharan Africa – and Uganda specifically – still prevalent? Presently evident, the dissemination of neoliberalist principles, the spread of global capitalism, and the utilization of aid dependency substantiates the claim that rich nation-states continue to shackle the poor in perpetual poverty; however, this analysis utilizes dependency theory to expose the means employed by currently wealthy nation-states to achieve their goal of dominance.

Theoretical Framework: Framing Global Dependency

Establishing a lens with which to critically analyze the perpetual issue of global poverty, the theoretical framework will merge theories and models from the radical and constructivist perspectives of international relations. When defining dependency theory, the theoretical framework will blend concepts and characteristics from the Prebisch-Singer thesis, Immanuel Wallerstein’s World-System theory, and the Neo-Marxist theory of development. Additionally, the theoretical framework utilized will incorporate the constructivist theories of John Kingdon as well as philosopher Michael Foucault’s post-modernist theory.

An employee of the Department of Economic Affairs for the United Nations – Hans Singer – and Director of the United Nations Economic Commission for Latin America – Raul Prebisch – developed the Prebisch-Singer Thesis after observing a seemingly negative relationship between economic growth in the wealthy countries and economic growth in the poor countries. In essence, the theory posits that poor countries (periphery nations) export raw commodities to wealthy countries (core nations) which then manufacture the commodities into final goods and sell these goods back to the poor countries; however, the value added during the manufacturing process outweighs the revenue earned from the sale of the commodities, ergo restricting the poor countries from earning more on their exports than their imports.[[1]](#footnote-1)

Immanuel Wallerstein, American Sociologist and Senior Research Scholar at Yale University, developed his theory of World-Systems Analysis in the 1970s to analyze the Modern Capitalist World-Economy. World-Systems Analysis, which cites dependency theory as a source, modifies the model of the international system by adding a third group of nations to the core and periphery nations known as the semi-periphery nations. Additionally, Wallerstein adds the division of labor which asserts that the technological advantages aid in the production of complex goods in the core nations, while the periphery nations supply the raw materials.[[2]](#footnote-2)

Reforming the classic argument of philosopher and economist Karl Marx, Neo-Marxist Development theory internationalizes the standard argument of the bourgeoisie exploiting the proletariat class through the Western capitalist countries external exploiting the “third-world” countries. This classical model of exploitation argues for the rationale behind why underdevelopment occurs in the international system.[[3]](#footnote-3)

John Kingdon theorizes that searching for the ontological cause of poverty is a pointless allocation of time and resources. Rather, Kingdon asserts that the climate which leaves social actors receptive to any issue is the larger concern of research. Derived from constructivist thought, Kingdon moves away from questioning the problem from a solution-seeking stance and progresses to analyzing the problem from a sociological perspective.[[4]](#footnote-4)

Incorporated in the constructivist perspective, Michael Foucault’s theory of Post-Modernism asserts that “discourses,” or the way in which humans speak and interpret their reality, in fact structure and compose reality and can often be exploited to reinforce power hierarchies.[[5]](#footnote-5)

Incorporating the Prebisch-Singer Thesis, World-Systems Analysis, and Neo-Marxist Theory allow for the formation of a comprehensive definition Dependency Theory which explains the causes of dominances in Neo-Marxist theory and the consequential underdevelopment of countries that occurs as a result of dominance in both the Prebisch-Singer Thesis and World-Systems Analysis. However, the utilization of constructivist concepts controls for the conceptual gap found in dependency theory which argues no solution exists to solve the perpetual issue of global poverty. Additionally, the use of constructivism – rooted in sociology – views the effects neoliberalism on norms and behaviors of individuals in society.

Literature Review

Consulting historical literature, the emergence of neoliberalism is easily traced to modifications made in politics and economics after the end of the Second World War. These modifications were made in order to prevent a threat to the capitalist order that occurred in the 1930s. At the Bretton Woods conference, the International System saw changes as newly formed intergovernmental organizations began promoting the free trade of goods under a system of exchange rates that were fixed and anchored to the US dollar’s gold standard. Eventually, however, the Keynesian model began to fail, and states were faced with two choices: increase state control and regulation on the economy or remove the government from the equation in order to allow for the market to lead the way.[[6]](#footnote-6)

Neoliberalism, also referred to as the Washington Consensus, was embraced in the public policy sector under the leadership of former U.S. president Ronald Reagan and former U.K. prime minister Margaret Thatcher. However, these politicians pulled inspiration from free-market economists like Friedrich von Hayek and Milton Friedman.[[7]](#footnote-7) Thatcher’s pursuance of neoliberalism as her leading economic policy rooted in the:

developments in the real world pointed in the same direction. The rapid increase in the volume of world trade, and the accumulation of large volumes of investment capital in private hands, coupled with the alluring prospect of the profits to be made from taking advantage of low labor costs in undeveloped countries, produced an irresistible pressure for the removal of exchange controls.[[8]](#footnote-8)

Foundationally, neoliberalism requires the reduction of government involvement with the economy, which allows for market forces to enable growth. Policies resulting from neoliberalism include privatization, deregulation, reductions in government spending, tax reform, and free trade. Radical Neoliberals view any and all regulations placed on corporate activity as a hindrance of economic growth – these regulations range from environmental protection requirements to safe labor mandates.[[9]](#footnote-9)

One major downfall to the theory of neoliberalism is the lack of clear definition associated with the theory and term – although, one could speculate that the lack of clarity in the term has allowed experts and politicians to trick those none-the-wiser into the ploy of believing in the theory’s potential for growth. Much research and literature now focus on how a theory mired in inequality and unjust intentions could have been sold to policymakers and the public as the way to prosperity. Yet, the concern remains that many experts in development – including those in international institutions – are still advocating for neoliberalism as a means to end economic misfortunes.

**Criticism of Neoliberalism**

Harvey – author of *A Brief History of Neoliberalism* – argues that in its most simplistic definition, neoliberalism can be defined as the redistribution of wealth from the poor to the very rich, and the data provided confirms this definition. Globally, countries implementing the policies of neoliberalism saw increased growth; however, not growth in the sense of poverty alleviation, rather, growth in the social inequality present in society. On a macro-level, these inequalities are magnified as the rich countries become richer and the poor countries remain underdeveloped.[[10]](#footnote-10) Multiple literature sources sight the need for a separation of economic growth and poverty reduction – otherwise normally paired terms. Overall, the push for trade liberalization as a means of increasing economic growth for developing countries has proven to be damaging for a country. When analyzing trade liberalization, Kalim Siddiqui argues that the international institutions advocating trade liberalization in developing countries increase vulnerability and “make the developing countries further hostages to international finance capital.”[[11]](#footnote-11) Further stated, Siddiqui inquires why trade liberalization is presented as a sustainable development strategy when there are no strong supporting empirical findings. As a supplement for empirical data, the intergovernmental organizations often use the Heckscher-Ohlin-Samuelson model of comparative advantage as justification for free trade policies; however, this model argues that developing countries have a comparative advantage in the production of raw materials, because they have an ample supply of these resources.[[12]](#footnote-12)

Discussing the Heckscher-Ohlin-Samuelson model of comparative advantage, the model ignores the common knowledge of all economists that resources are scarce and finite – particularly natural commodities. Therefore, the Prebisch-Singer Thesis and World Systems asserts that this specialized production will lead to negative economic progress, and once the country’s supply of these resources extinguishes, the country will have no resources to utilize in growing their economy. Therefore, the comparative advantage model is not a significant strategy for sustainable development.

Additionally, much of the literature on neoliberalism referred to the concept as purely a theory or thesis. In contrast, some literature which encompasses a holistic view of the concept cited neoliberalism as more of an ideology than purely a thesis.

**The Dead-Aid Thesis**

Scholar and Native-born Zambian Dambisa Moyo discusses the impact of Neoliberalism, Reaganomics, and Thatcherism on Africa. She quotes the successes of the Asian tigers through their newly industrialized economies as support for the free-market based economic policies that would soon be “sold as the new development agenda.”[[13]](#footnote-13) Continuing on, Moyo cites two specific aid-based programs that resulted from the economic overhaul: first, stabilization (reduction of imbalances in fiscal positions or import-export ratio) and next, structural adjustment programs (requirements for trade liberalization and the removal of subsidies). Ergo, the countries would receive money, essentially bribes, for the implication of free-market policies. Tying their development strategies to financing allows the West to exploit the underdeveloped countries’ vulnerability; as a result, multilateral and bilateral aid organizations began prescribing the Washington Consensus as the backbone of all lending agreements.[[14]](#footnote-14)

Global Poverty as a Perpetual Issue: Utilizing Uganda as a Case Study

Global poverty is a perpetual issue plaguing not only the global south but also the global north. Although those who are poor living in the developing countries face the most significant hardships, the wealthy countries also face negative externalities associated with the poverty and inequality present in the periphery nations. As Wallerstein asserts through the naming of the countries into the three groups (periphery, semi-periphery, and core), there is no third-world – there is only one world. In this one world, many transnational issues arise from poverty; for instance, the burden of global disease is highest in the periphery countries. Due to a lack of wealth, those mired in poverty live in unsanitary conditions which lend themselves more receptively to the spread of communicable illness. Additionally, due to a lack of resources, education, and wealth, the periphery countries often lack a sturdy infrastructure to support waste management. This absence of proper waste disposal services leads to the pollution of the environment and can make freshwater, a scarce resource, unusable both to the natives and for export to the wealthier countries. Global poverty’s implications are widespread, and as the United Nations turns to a new set of Sustainable Development Goals the focus has shifted to “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”[[15]](#footnote-15) Ambitiously stated, the first Sustainable Development Goal set forth by the United Nations is to eradicate poverty entirely.[[16]](#footnote-16) Altogether, scholars in the field of international relations and epistemic communities in various other disciplines recognize the importance of reducing global poverty.

According to the International Bank for Reconstruction and Development, also known as the World Bank Group, significant progress has been achieved in the fight against global poverty. From 1990 – when the Millennium Development Goals began – to 2012, the percentage of individuals living on less than $1.90 a day (2011 PPP) fell from 37.1% to 12.7%. This trend seems impressive; however, when focusing on the region of Sub-Saharan Africa, the percentage of people living on less than $1.90 per day from 1990 to 2012 fell from 56.8% to 42.7% while the population from 1990 to 2013 nearly doubled – from 508.2 million to 947.4 million. [[17]](#footnote-17) Therefore, while the percentage fell, the raw number of individuals living in poverty realistically increased.

Uganda, known by locals as the Pearl of Africa, faces the burdens of poverty as well as the consequences of inequality. With a population in 2013 of 36.6 million individuals, 33.2% –nearly one-third of the population – live on less than $1.90 a day (2011 PPP). Raising the daily allowance to $3.10 per day, nearly two-thirds of the population, 63.03%, live on less than that. In terms of inequality, the richest 20% in Uganda earn 49.4% of the income while the poorest 50% earn scarcely more than 20%.[[18]](#footnote-18) Additionally, Uganda’s two largest exports include coffee and raw tobacco – both raw commodities that can be manufactured into finished goods and sold back to the developing countries.

Jörg Wiegratz, lecturer in Political Economy of Global Development at the University of Leeds and leading researcher on the impact of neoliberalism on developing countries’ political economies, asserts first and foremost that, “Uganda is regarded as the African country that has adopted the neoliberal reform package most extensively.”[[19]](#footnote-19) This extensive research study utilized in-depth interviews with elites from government, media, academia, donor organizations, churches, smallholder farmers, traders, and middle men. Overall, the research concludes two noteworthy determinations: first, the embodiment of neoliberalism’s effects on the political economy of Uganda; and second, the impact neoliberalism has had on the moral norms and social values when utilized as an ideology for society. Broadly stated, Wiegratz cited various effects of neoliberalism on Uganda through changes in the relationships and trade strategies amongst smallholder farmers and traders in the rural markets. When interviewed, many respondents cited malpractice, exhibited as a result of neoliberalism, in their trade relationships. These malpractices include intimidation, collusion, theft, corruption, deception, and price-quantity/quality controls. Specifically, when interviewed, “Farmers estimated that about 7 to 10 out of 10 traders are involved in malpractice.”[[20]](#footnote-20)

Corruption, as mentioned previously as a repercussion of the neoliberalist ideology, is cited by Transparency International as one of the largest obstacles to economic growth in Uganda. Transparency International is a Non-Governmental Organization which tracks and exposes corruption in international development. Specifically, corruption most commonly occurs in the form of bribes in which officials demand unsolicited payments in the education, delivery service, and public health sectors. In fact, in a citizens survey conducted in 2011, “nearly 49% of citizens who interacted with police reported having to pay bribes.”[[21]](#footnote-21) This corruption, stemming from the deregulation demanded by neoliberalism, leads the country to further dependency on aid. Evident in their external debt of $4,361,282,000 in 2013, Uganda has been classified as a heavily aid-dependent country.[[22]](#footnote-22) Transparency International cited multiple scandals which exposed the embezzlement of aid monies by corrupt political officials – yet, the West has continued to provide aid money to Uganda knowing that the money often does not reach the citizens for whom it was intended. Dependency theory explains the West’s continuance to lend in spite of rampant corruption as a ploy for the West to keep Uganda in debt and aid-dependent.

Kingdon’s suggestion to focus on the climate that allows for the receptiveness of social actors to the problem of poverty sheds insight on neoliberalism as an ideology. As neoliberalism adjusts moral norms and social values toward the acceptance of corruption and dominant relationships, the climate established as a result allows social actors to be receptive to poverty and inequality. Additionally, Foucault’s theory of post-modernism explains that these discourses, which legitimize corrupt practices such as bribery, help to transform neoliberalism as an ideology into neoliberalism as reality.

Conclusion

Dependency theorists – and particularly Neo-Marxists – argue that the issue of global poverty is infinitely perpetual, and no true solution for ending global poverty exists; in other words, the exploitation of the poor by the wealthy will continue indefinitely. However, borrowing from constructivism, the possibility of a solution – or, at least, a massive reduction – exists. Previously mentioned in the theoretical literature review, the search for an ontological cause of global poverty is viewed by many constructivists as a frivolous allocation of resources. Rather, further research must be conducted to examine the discourses that allow for the perpetuation of global poverty and inequality – one of which is neoliberalism as an ideology. As these discourses are identified, and progress can be made to counteract this way of thinking, the possibility for a reduction of poverty around the world will increase. However, the United Nation’s first goal of the Sustainable Development Goals is to eliminate poverty of all kinds everywhere. If this poverty-free world is truly an aim for the future, the need for research in poverty alleviation and reduction is more paramount now than ever before.

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