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The Challenge of Community Work in a Global Economy

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This article examines how and why five major stakeholders—international financial organizations; NGOs; governmental entities; multinational corporations; and community development projects—have failed to significantly and uniformly reduce aggregate global poverty. The article uses the results of a case study of HIV/AIDS prevention in a low-income Nigerian city to argue that effective action must involve local and global stakeholders in collaborative partnerships. It concludes by discussing the critical role of facilitators in such partnerships.

Keywords: global economy, community development, NGO, INGO, World Bank, IMF, WTO.

Globalization is best understood in relative terms since all countries are not impacted equally. For the world’s desperately poor, sweatshops and other exploitive workplaces can seem more like opportunity than exploitation. For others in the Journal of Sociology & Social Welfare, June 2007, Volume XXXIV, Number 2
developed (and developing) world, globalization has meant untold prosperity. While the edifices of capitalist development—megacities, posh hotels and skyscrapers—are growing, poverty rates in developed countries are either frozen or rising, housing costs are becoming unmanageable, and the prices of goods and services are rising faster than wages which is leading to unsustainable levels of personal debt (Karger, 2005). Like Russian dolls, industrial societies are resembling a nation within a nation within a nation. This article will investigate how these forces are shaping policies in the developing world. It will also examine how effective development requires collaborative partnerships by which local people can regain control of development.

Major International Financial Organizations

Numerous international financial organizations, United Nations funds, and private donors are trying to address global poverty and development. However, an economy of space dictates that this section only focuses only on the largest financial organizations.

In 1944 delegates from 45 nations gathered at the United Nations Monetary and Financial Conference in Bretton Woods, New Hampshire to discuss Europe’s shattered economy. Delegates reached a consensus that established a postwar economy around currency exchange rates and free trade. The Conference created the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (World Bank), and the International Trade Organization (ITO) which the U.S. Congress refused to ratify. Instead, the General Agreement on Tariffs and Trade (GATT) was signed in 1947; in 1995 GATT became the World Trade Organization (WTO) (Mason & Asher, 1973).

Organizations Emerging from the Bretton Woods Conference

The IMF

The IMF provides financial assistance to countries experiencing severe financial difficulties. In turn, it requires members’ currencies to be exchanged freely for foreign currencies, to inform the IMF of planned changes in financial and monetary
policies, and to modify their economic policies based on the IMF advice. Although the IMF administers an emergency lending pool, they are not primarily a lending institution like the World Bank (WB). The IMF perspective is based on the view that international prosperity is rooted in an orderly monetary system that encourages free trade, creates jobs, expands economic activity and raises global living standards (Driscoll, 1996).

Member nations requesting loans and/or organizational consultation are often required to conform to the “Washington Consensus,” a set of fiscal reforms developed by neoliberal economists. The name was chosen because it represents the shared themes of Washington-based institutions like the IMF, the WB and U.S. Treasury Department. Consensus principles include:

• Pressuring least developed countries (LDCs) to enact fiscal discipline; tax reforms; market-driven interest rates; currency exchange rates based on market conditions; and strict oversight of financial institutions.
• Coercing borrower nations to adopt aggressive free trade policies by removing import restrictions and tariffs, except for those justified on safety, environmental or consumer protection grounds. Institute legal guarantees of property rights.
• Pressuring borrowers to privatize state-owned or controlled enterprises (Palast, 2003; World Bank, 2002).

The World Bank

Owned by 184 member countries, the World Bank Group is composed of two principal institutions: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The IBRD focuses on middle income and creditworthy poor countries, while the IDA focuses on the poorest countries. Together, these two organizations provide low-interest loans and interest-free credit and grants to poor countries for education, health, infrastructure, communications, etc. WB affiliates include the International Finance Corporation (IFC); the Multilateral Investment Guarantee Agency; and the International Centre
for Settlement of Investment Disputes (ICSID). The WB is responsible for providing financial advice to LDCs for economic development and poverty reduction. Headquartered in Washington it has local offices in 100 member nations (World Bank, 2006a &2006b; Driscoll, 1996).

Since 1996 the WB has focused on combating corruption in developing nations—it views reduced corruption and improved governance as crucial prerequisites for sustainable development and poverty reduction (Kaufmann, Kraay, & Mastruzzi, 2005). Over the last few years, the WB steadily moved its focus from economic growth to poverty reduction, supporting small scale local enterprises. Despite this new emphasis, WB projects are frequently criticized for social damage and for not meeting the goal of poverty reduction (Palast, 2003).

As a lender of foreign currency, the WB demands to be repaid in the same currency. To repay loans, borrowers must become net exporters, a goal also shared by rich countries. In turn, this generates a “transfer problem”—the only way to repay loans is to engage in other loans and to accumulate even more debt. During the 1990s this cycle of indebtedness resulted in a net yearly transfer of $1.7 billion from poor to rich nations (Caulfield, 1996).

The Proponents of International Finance Organizations

Supporters of international financial organizations argue that their central purpose is to promote economic and social progress by raising productivity. They maintain that the WB and IMF are two of the most highly regarded financial institutions in developmental economics, and that while economic stability is a precursor to democracy, the WB and IMF have little power to democratize sovereign states. That view may be widely shared. A Pew Research Center study found that more than 60% of Asians and 70% of Africans felt the IMF and the WB had a positive effect on their countries (Pew Research Center, 2002; World Bank, 2005). Proponents also argue that no nation is forced to borrow their money, and that loans are given at below market interest rates to countries with little or no access to international capital markets (Mallaby, 2004).
Community Work in a Global Economy

The Critics

Critics charge that IMF and WB policymakers support military dictatorships friendly to U.S. and European corporations. The organizations are accused of being a U.S. tool for imposing economic policies that primarily benefit Western interests. Critics claim that the IMF is apathetic towards democracy, human rights, and labor rights. In Confessions of an Economic Hit Man, John Perkins (2004) casts the WB as an instrument of American imperial policy, providing loans to developing countries for projects that benefit a bribed ruling elite and American companies. While the WB insists that fighting poverty is their first priority, many critics, including Joseph Stiglitz, former Senior VP and Chief Economist of the WB, believe it is responsible for the rising poverty rate globally (Stiglitz, 2000).

Other critics charge that financial aid is bound to conditionalities, including neoliberal-based Structural Adjustment Programs (SAP) modeled on the Washington Consensus (Dreher, 2004). For more than two decades, the WB imposed stringent SAPs on recipient countries, forcing them to adopt reforms such as deregulating capital markets; downsizing public social welfare programs; massive privatization of state companies, water supplies and public pensions; and levying cost-sharing user fees for public schools and hospitals (Palast, 2003). Even some conservatives believe the economic reform policies of the WB and IMF is harmful to economic development if implemented too quickly, as in “shock therapy.” (Public Broadcasting System, 2005).

The Failure of Other Actors to Reduce Poverty

Myriad agencies glut the field of international poverty and development. The lines between Non-Governmental Organizations (NGOs), governmental organizations, private donors, and others are often vague and artificial. A caveat is necessary before beginning this section: Any typology, including this one, is necessarily incomplete.

NGOs

The term NGO encompasses a wide variety of groups and organizations. The World Bank defines NGOs as “private
organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development” (Galena, 1995). (INGOs refers to international NGOs.) NGOs depend in large part on charitable donations and voluntary service. They also encompass organizations including corporate-funded think tanks, community grassroots activists, development organizations, and emergency humanitarian relief.

The NGO sector in developing countries has experienced phenomenal growth and it is estimated that more than 15% of total overseas aid ($8 billion) is channeled through them. The WB estimates that there are 6,000 to 30,000 national NGOs in developing countries alone; community-based organizations number in the hundreds of thousands (Galena, 1995).

Some government officials established their own NGOs to access resources and develop new opportunities. Other NGOs are “briefcase companies” for the purpose of tax evasion and private gain. There is little consistency in the mission of individual NGOs.

Although NGOs have made the lives of millions appreciably better, they have also been criticized on many levels. Criticisms range from pointing out that only a small percentage of aid actually goes to those in need partly due to high executive salaries and other costs. In some cases, NGOs do more harm than good. For example, many food aid groups that bring in free food into non-emergency situations from rich countries undercut local producers and hurt local farmers. Other organizations working on population-related issues have misconceptions about over-population, or misunderstand the family and community structures in societies where they work. A significant amount of aid raised and distributed by NGOs is based on foreign policy or religious objectives. In other words, the decisions are made based on the interests of the lenders rather than the recipients. Aid can often lead to dependency and runs counter to promoting self-reliance and self-sufficiency.

Regions with high aid levels—sub-Saharan Africa, Central and South America, and some Central European republics—have not experienced a significant drop in poverty despite years of economic aid. The economic growth that some Asian nations—China, Hong Kong, Singapore, Taiwan and South
Korea—are experiencing is related more to market forces than NGO-inhabited areas is clearly not convincing. While the reasons for intractable poverty are complex and cannot be blamed solely on NGOs, it is also true that their impact on aggregate poverty is minimal.

**National, State and Local Governments**

Market liberals often blame development failures on political corruption. However, the reality of domination and imposition in the development field has led to a widespread resistance to global capitalism. It is not surprising that when autonomy is reasserted it results in the election of leftist leaders such as Venezuela’s Hugo Chávez, Bolivia’s Evo Morales, Brazil’s Luis Lula da Silva, and Nicaragua’s Daniel Ortega.

The impact of contemporary leftist governments on poverty is unclear. In 1997 (the year before Chavez’s election), 61% of Venezuelans lived beneath the poverty line; by 2005 that number dropped to 43.7% percent, still unacceptably high for an oil-rich nation (Weisbrot, 2005). The Bolivian economy grew at 4% or better for most of the 1990s, per-capita income grew steadily from 1996, and poverty rates hit near-record lows. By 2005 the economic situation worsened and now about 64% of Bolivians live in poverty. It is too early to judge Evo Morales’ effect on the Bolivian economy. Under Luis Lula da Silva the poverty rate in Brazil was about 22% in 2005, lower than when he took office in 2002. Although some poor nations have experienced improvement in recent years—sometimes dramatic—it is hard to unequivocally tie that to governmental policies.

**Multinational Corporations**

In *A Corporate Solution to Global Poverty*, George Lodge and Craig Wilson (2006) argue for the creation of a World Development Corporation (WDC), a partnership of multinational corporations (MNCs), international development agencies, and NGOs. For Lodge and Wilson, MNCs can have important benefits for developing countries, including the capacity to build investment, the propensity for creating a sound economic structure (including job creation), and the promise of subsequently reducing poverty levels. Lodge and
Wilson optimistically believe MNCs can do this profitably and sustainably.

Despite Lodge and Craig’s optimism, the track record for MNCs is bleak insofar as developing a positive economic change in developing nations. In contrast, Milton Friedman’s (1970) assessment is more realistic:

He [the CEO] has direct responsibility to his employers. That responsibility is to . . . make as much money as possible.... Insofar as his actions in accord with his "social responsibility reduce returns to stockholders, he is spending their money. Insofar as his actions raise the price to customers, he is spending the customers’ money. (p. 1)

Although the economic data on how multinationals affect developing economies is unclear—e.g., supporters claim they pay higher wages in developing countries than indigenous businesses—it is clear that they cannot be counted on as a steadfast development partner. Friedman is correct about the primary concern of corporations for profit.

Community Development

While there are many attempts at bottom-up development, perhaps the most celebrated innovation has been the much touted success of microcredit. Muhammad Yunus won the Nobel Peace Prize in 2006 for founding the Grameen Bank, whose main purpose is to offer microcredit to the poor in rural Bangladesh. With 47.5% of its 138 million people living in poverty, Bangladesh has the highest poverty rate in South Asia.

At least on the surface, Grameen’s microcredit project is successful. The fact that 97% of Grameen’s loan recipients are women in a country where few women can secure commercial loans is a major accomplishment. This is especially impressive given the 98% payback rate. Supporters claim that half of Grameen borrowers (close to 50 million) have risen out of acute poverty because of their loans.

The Wall Street Journal’s Daniel Pearl (murdered in Pakistan in 2002) and Michael Phillips (2001) revealed in 2001 that Grameen loan repayments were less than what the bank
claimed, that at least one quarter of loans were used for consumption, that the bank delays defaults and hides problem loans, and that Grameen is not subject to serious public or private supervision. Critics claim the Grameen strategy has created a debt trap for borrowers who are charged high rates of interest relative to conventional banks. Opponents further claim that instead of being self-sufficient, Yunus's first money came from the United Nations, then the Bangladesh government, and finally U.S. foundations. From the 1980s to the 1990s the bank received nearly $150 million in grants. At the same time, Yunus was accused of borrowing at low interest rates from governments, and then lending it out at higher rates (Tucker, 2006). Critics charge that Grameen's tactics suffer from four flawed assumptions: (1) the poor should be self-employed rather than wage earners; (2) loans are the main financial service needed by the poor rather than savings and insurance; (3) credit builds entrepreneurship and management; and (4) microcredit institutions can be self-sustaining despite evidence that new enterprises in poor areas built on credit alone rarely emerge from dependency (Tucker, 2006).

Regardless of the criticism, economic data points to Grameen's modest effect on lowering aggregate poverty rates. While Bangladesh's economic growth rate is a healthy 5%—due largely to fish and clothing exports—little mention is made of Grameen's contribution. According to one study (see Table 1), Bangladesh remains persistently and acutely poor.

Poverty levels in most poor countries have not significantly declined in sixty years of tinkering by international financial institutions, NGOs, governmental entities, MNCs, and microfinance projects like the Grameen Bank. Despite the WB's conservative poverty threshold of $1 a day, poverty has increased in sub-Saharan Africa and parts of Central and South America. There is little to suggest that another 60 years will make a difference in most persistently poor nations.

There are numerous reasons for the failure of anti-poverty and development strategies, including the lack of coordination among actors and the inability of NGOs to effectively communicate with the people they serve. The dynamics of these issues will be examined through the lens of a case-study of HIV/AIDS prevention in a low-income Nigerian community.
Table 1. Social Indicators for South Asia

<table>
<thead>
<tr>
<th>Country</th>
<th>IMR</th>
<th>MMR</th>
<th>LIFE years</th>
<th>Poverty</th>
<th>Literacy</th>
<th>GDP $</th>
<th>HDI</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>30</td>
<td>0.56</td>
<td>71.6</td>
<td>16.6</td>
<td>90.9</td>
<td>5003</td>
<td>0.755</td>
<td>85</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>13</td>
<td>0.92</td>
<td>74.0</td>
<td>7.6</td>
<td>90.4</td>
<td>3778</td>
<td>0.751</td>
<td>93</td>
</tr>
<tr>
<td>India</td>
<td>63</td>
<td>5.40</td>
<td>63.3</td>
<td>34.7</td>
<td>61.0</td>
<td>2892</td>
<td>0.602</td>
<td>127</td>
</tr>
<tr>
<td>Pakistan</td>
<td>81</td>
<td>5.00</td>
<td>63.0</td>
<td>13.4</td>
<td>48.7</td>
<td>2097</td>
<td>0.527</td>
<td>135</td>
</tr>
<tr>
<td>Nepal</td>
<td>61</td>
<td>7.40</td>
<td>61.6</td>
<td>37.7</td>
<td>48.6</td>
<td>1420</td>
<td>0.526</td>
<td>136</td>
</tr>
<tr>
<td>B'desh</td>
<td>46</td>
<td>3.80</td>
<td>62.8</td>
<td>36.0</td>
<td>41.1</td>
<td>1770</td>
<td>0.520</td>
<td>139</td>
</tr>
</tbody>
</table>

IMR/MMR=Infant/Maternal Mortality Rate per thousand live births.
Life=Life Expectancy at birth.
Poverty=Measured at below U.S. $1 a day.
Literacy=As a percentage of the total population.
GDP=Gross Domestic Per Capita income in U.S. Dollars.
HDI=United Nations Development Programme’s Human Development Index.
Rank=In HDI.

Lessons from AIDS in Nigeria

One issue that reflects the failure of current development strategies is the HIV/AIDS pandemic in sub-Saharan Africa, an effort that consumed billions of dollars in ineffective solutions. The influence of the multinational agencies is illustrated in the way the Nigerian government became aware of AIDS and HIV at the beginning of the 1980s but was reluctant to admit the problem for fear of turning away investors and tourists. For example, in 1983 and in 1985, the military governments of Buhari and Babangida were prohibited from forming AIDS councils for fear of classifying Nigeria as an HIV/AIDS infected venue. Successive Nigerian military regimes from 1983 to 1999 sidestepped the threat by not addressing it. Based on similar influences, many African governments responded to HIV/AIDS with denial, ministerial wrangling and the mis-allocation of resources. The government of Nigeria was eventually forced to reassess this issue despite its resistance. This was partly due to the potential destruction of an emerging middle class, the erosion of hard-won economic gains, and the potential restiveness in military high commands. The major administrative response to HIV/AIDS in Nigeria began in
Facing a troubled politico-religious environment around Muslim/Christian differences, Nigeria has a number of aid organizations working on development issues. A broad range of INGOs—APIN, Pathfinder International, Ford Foundation, BASIC, Society for Family Health (SFH) USAID, the World Health Organization, UNAIDS, Family Health International, the World Bank, Caritas International, and others—are active in Nigerian HIV prevention. The presence of international partners, especially from the United States, is evident in many Nigerian communities. These organizations seek to collaborate with other international partners and the Nigerian government in forming a national response to HIV/AIDS.

Iyiani's (2005) case study examined HIV/AIDS activities by Western aid organizations and compared it to the lived realities of people most at risk (sex workers, unemployed street youth, and married low income families) in a poor migrant community of Ajegunle in Nigeria's Lagos state. Iyiani found that INGOs and their client NGOs emphasized Western medical models of HIV/AIDS for both intervention (e.g., testing and ARV drugs for management) and prevention through education and behavior change. In effect, the AIDS problem was viewed through the lens of a narrow medical model whereby infection was primarily caused by the failure to practice safe sex, and reinforced by traditional cultural beliefs and/or ignorance (seen as largely the same thing in Western minds). Education to promote safe sex was a major strategy involving a wide range of school programs, radio soap operas, and the provision of condoms. Failures abounded, especially in profiteering around condom use and fundamentalist Christian international donors who stressed sexual abstinence. Since INGOs provided needed resources, this "preference" amounted to coercion by donor nations, especially the United States.

Investigating the lived reality of people at risk illustrated how this community viewed their situation and how they dealt with the epidemic. In contrast to the Western medical assumptions, Iyiani's study (2006) found a high degree of knowledge about the transmission of HIV/AIDS, but also strong feelings of powerlessness in being able to address it. The reaction of low-income people was marked by fatalism, poverty, and a general
sense of powerlessness. Sex workers felt powerless to insist on safe sex in the face of client demand and were burdened by the costs of condoms given their crushing poverty. Overwhelmed by mistrust and fatalism, street youth lived for the moment and were not receptive to safe sex messages. Even respectable married couples lived with mistrust between partners where condom use had an unwelcome and hidden message for both partners. Under INGO patronage, medical professionals operated through relatively expensive Western medicine facilities that went largely unused by local people who resorted more to traditional cultural healers.

INGOs and their client organizations were operating at the levels of tertiary (curative) and secondary (behavior change) prevention, whereas the views of the local at risk people indicated acting at the primary prevention level (social structural conditions). The failure to address conditions such as poverty and deprivation helps explain the pandemic nature of HIV/AIDS in Africa compared to the more affluent West.

Iyiani's (2005) findings identified a process of “talking past each other” by official aid agencies and those most at risk, thereby inhibiting effective prevention. The study suggested that new thinking about multi-sectoral responses with full community participation is necessary to engage in more effective preventive action. This approach requires the appropriate policy response, capacity building, and above all, an empowerment-based response. Tembo (2003) came to a similar conclusion when studying the interaction and miscommunication between World Vision and villagers in Malawi. Both studies contrast the Western patronizing “development” discourse versus the reality and self-interest of poor aid recipients.

In the Ajegunle study, the first step was to identify the power resources and strengths of the differing groups. For the INGOs and NGOs it was fairly straightforward since the gross inequality in the world distribution of resources gave them financial resources Nigeria lacked. In turn, they used that position to dictate their own agendas, omitting primary intervention and instead concentrating on secondary and tertiary prevention.

A second part of Iyiani’s study sought out power resources in the local Ajegunle community. As a poor community, they
lacked financial resources and human capital, such as skilled workers, but they had considerable knowledge capital about their own circumstances and the realities people faced. The community also had considerable capital in terms of the cultures and lifestyles of the various ethnic groups in the population, the churches, and resources like traditional healers. Similarly, local organizations ranged from grassroots groups with considerable relational capital around community links, to expert groups with INGO links and organizational resources but few networks of local community accountability (Iyiani, 2006).

These case studies suggest the need to pay attention to how power operates, to identifying and working through the power differentials, and especially to empowering local communities if effective development is to take place. Such participation has, of course, been a favorite invocation of global financial organizations which are long on rhetoric but short on delivery. As Tembo (2003) notes, participation is used in a simplistic populist sense with no consideration of the "politics" of situations—ranging from international to national and local politics.

A key issue is to analyze and identify the "power" and locate its sources and bases. In terms of the four major groups of stakeholders identified, each has specific power resources.

- International financial organizations have enormous financial power (capital).
- Aid INGO's have considerable financial and political capital, and access to human capital that is useful for development.
- National and regional governance bodies have the political capital (authority).
- Local communities have social and cultural capital—the knowledge needed for effective development and for meeting the felt needs of people.

To undertake an empowerment process in capacity building, effective action needs to replace "power over" by "power with." This approach stresses not "giving development" as in Malawi, nor asking groups to "lift themselves up by their bootstraps" as in many participatory approaches to poverty.
Nor does it entail the “talking past” phenomenon of Ajegunle; instead, it reflects the negotiated interaction of various stakeholders whose resources are the basis for the negotiated development of a shared vision and action plan.

Tembo presents a figure of how under the concept of empowerment, the agendas of the external agents and the people’s “internal agents” are brought together for sustainable development (Tembo, 2003).

Participation is the mechanism by which people are brought into the empowerment process. This process needs definition as relationships realized in action and built through process and interaction are ongoing and negotiated in an open-ended process. Outcomes of this process are uncertain and are constructed through power relationships rather than a top-down set plan. The outputs of such an approach at any point in time are contingent and shift with no final solution—“talking to each other” is an ongoing dialogue which must change with changing relationships and challenges.

This type of power does not operate solely on a local level, but on a range of levels (Lukes, 1974). Specifically, from the actual community level decision making and delivery to that of setting the agenda for decisions (interaction of INGO’s and governments) and, ultimately, to the structural conditions surrounding global financial structures. In this way, successes at the micro level are felt at the global level. Globalization is a two way process—global forces shape the local and the local shapes the global. In effect, power is “glocal.”

While the agendas of groups like NGOs are inevitable, they are also changeable. Shannon and Walker (2006) argue that the process of interaction at the decision level has the potential to develop the leverage to change differing agendas, and in the long term, to make a contribution to changing unequal development in higher level organizations. The key to such
transformative partnerships must be “talking to each other” and building relationships through communication in agreed action at all levels where all the relevant stakeholders are involved (Shannon & Walker 2006; Forschner, Brandsdetter & Byrne, 2006). Development problems can only be resolved by acknowledging and working with power differentials. Therein lies the potential contribution of social work and community development in the global environment. This form of community work has the potential to move beyond the failed activities of the WB, the IMF and other bodies.

Conclusion

After sixty years of effort and planning, international financial organizations, NGOs, national governments, MNCs, and community development projects have failed to lift large numbers of people out of poverty. The economic and social strategies employed by these groups have not resulted in significant poverty reduction despite throwing billions of dollars at the problem. There is little evidence that the top-down approach of aid, loans and other forms of assistance has made a major dent in ending the devastating poverty in the developing world.

Local community initiatives, like microcredit, have also not significantly lowered aggregate poverty levels. An alternative strategy would require a multi-tiered approach that gives significant decision-making to people at the lowest level. But this strategy alone will still not significantly decrease the overall number of people in poverty. What is necessary are multiple strategies that involve a high level of collaboration and coordination with all organizations involved in the development process. Grounded in the active participation of those in poverty, this kind of coordinated approach will maximize resources, end duplication of services, and carefully target areas of need. Will it work? There is no magic bullet to end poverty.
References


