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**ENDING WORLD POVERTY: THE ELUSIVE GOAL OF THE UNITED NATIONS
DEVELOPMENT PROGRAMME**

**By
© David Nelson**

**Thesis Submitted to The School of Graduate Studies and
Research in partial fulfilment of the requirements for the
degree of Master of Arts in Political Science**

**Under the Direction of
Professor Jeanne Laux**



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**Ending World Poverty: The Elusive Goal of the United Nations
Development Programme**

by
David Nelson

Abstract

Growing world poverty is a paramount problem for international development assistance organizations. Substantial multilateral funding, coupled with decades of development assistance activity, has done little to reduce poverty in the less developed countries. Globalized market-led development continues to be the conventional approach towards the resolution of this problem.

This thesis argues that the United Nations Development Programme's (UNDP) promotion of the globalization discourse and its adherence to a market-led development philosophy and practice have restricted its ability to effectively reduce world poverty. Rooted historically in the establishment and maintenance of the post-war hegemonic world order, the UNDP represents part of the institutional framework that was designed to protect and advance Western economic and political interests. This paper employs discourse analysis to evaluate the UNDP's response to two specific world order crises- the first in 1975 and the second in 1990. The thesis also uses a method of critical analysis in order to isolate and analyze points of contradiction within the discourse/project orientation of the UNDP. Thus, by questioning and critically exposing the UNDP's adherence to a market-led development approach, this thesis will systematically deconstruct the UNDP's discourse thereby revealing the otherwise disguised power relationships revolving within and around the organization.

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TABLE OF CONTENTS

0.1 Introduction

The Puzzle.....	1
The Reality of World Poverty.....	2
The UNDP as part of a larger Institutional Framework.....	5
The Arguments.....	6
Key Concepts.....	7
Methodology.....	9
Chapter Outline.....	13

1. Molding a Lens for the Mind's Eye- Constructing a Conceptual Framework.....16

Epistemology- Critical Theory.....	16
Interests, Intergovernmental Organizations, and World Order.....	22
Transition Points between World Orders.....	26
Regulating World Order.....	28

2. Restrictive Roots- The post W.W.II Historic Bloc and the Creation of the UNDP.....32

How the Interests of the Historic Bloc of the Free World Order/Pax Americana are Reflected in the Organizational Design of the UNDP.....	36
How one could have still expected the UNDP to be well suited to deal with Poverty.....	38
The Crises to which the UNDP has been Obligated to Respond.....	40

3. Revealing Reactions- The UNDP's Reaction to the First Crisis of the Free World Order/Pax Americana.....43

The Crisis.....	43
Demands of the NIEO and Pressures on the UNDP to Respond to the Crisis.....	47
Response; Programmes, Target Groups.....	51
Interpretation of UNDP Discourse; Indicators of Development.....	55

Effect of UNDP Discourse over Time.....	57
Orienting Projects in a Restrictive Way.....	58
Conclusion.....	71
4. A Second Chance- Crisis and Opportunity for the Free World Order.....	73
The Second Crisis.....	74
Calls for Multilateral/UNDP Response to the Crisis.....	75
UNDP Response; Funding, Programmes.....	77
UNDP's Conception of Development.....	82
Effects: More Private Sector Oriented Programmes and a Potential Shift in Regional Focus.....	83
More Private Sector Oriented Programmes.....	83
Potential Shift in UNDP's Regional Focus.....	86
Conclusion.....	90
5. The UNDP from a Broader Perspective.....	92
A Macro-view of the UNDP's Development Assistance Activities.....	92
Contradictions.....	93
How Contradictions can Translate into Times of Transition between World Orders.....	95
Conclusion.....	96
Appendix 1.....	100

Introduction

The Puzzle

As with any theoretical endeavor within the field of international relations, there is a puzzle or contradiction motivating the central argument of the thesis. The contradiction involves the fact that many intergovernmental organizations have been working to reduce world poverty for decades now and yet we find that world poverty is actually rising.

In order to understand this contradiction between multilateral efforts and global outcomes, we focus on one specific intergovernmental aid organization, the United Nations Development Programme (UNDP). The UNDP has, as one of its central goals, the reduction of poverty. The UNDP's "Mission Statement" asserts the following:

UNDP's mission is to help countries in their efforts to achieve sustainable human development by assisting them to build their capacity to design and carry out development programmes in poverty eradication, employment creation and sustainable livelihoods, the empowerment of women and the protection and regeneration of the environment, giving first priority to poverty eradication.¹

The UNDP has consistently published the fact that the organization's funding, from voluntarily contributing donor countries around the world, totals nearly \$1 billion annually.²

Why is it then that some countries, in which the UNDP has been actively involved, are experiencing increasing levels of

¹ <http://www.undp.org>- "Mission Statement", February 20, 1997

² Ibid, 1995-1997

poverty in spite of this multilateral action? This is the question that the thesis intends to address.

The Reality of World Poverty

The World Bank and the UNDP define absolute poverty as "The position of an individual or household in relation to a poverty line the real value of which is fixed over time."³ More specifically, these organizations define the world's poor as "those living on less than \$1 a day in 1985 prices."⁴ Finally, extending the measurement of poverty to the nation-state, the UNDP's Human Development Report defines Least Developed Countries (LDC's) as

A group of developing countries established by the United Nations General Assembly. Most of these countries suffer from one or more of the following constraints: a GNP per capita of around \$300 or less, land locked, remote insularity, desertification and exposure to natural disasters.⁵

Former secretary-general of the United Nations, Mr. Boutros Boutros-Ghali himself, apparently recognized the failure of organizations such as the UNDP to effectively combat worsening world poverty conditions when he wrote the following before leaving office:

Les programmes multilatéraux, même lorsqu'ils étaient bien gérés et conçus dans une optique morale digne d'admiration, résultaient d'idées et d'idéologies qui se sont avérées

³ The World Bank, Implementing the World Bank's Strategy to Reduce Poverty, 1818 H Street, N.W., Washington DC, 1993, p. vii

⁴ Ibid, p. ix

⁵ Human Development Report- 1993, New York, Oxford: Oxford University Press, p. 225

au mieux inadéquates, et dans certains cas désastreuses.⁶

In support of this assertion, James Mayall observes that "Except in a few countries the gap between the living standards of the majority of citizens in the industrial and developing worlds has steadily widened in the forty years since the end of the Second World War." The assumption is that the rich are getting richer, the poor are getting poorer, or both phenomena are occurring simultaneously.

At a press briefing launching the Human Development Report 1996 on July 16, it was announced that "nearly 90 countries are worse off economically than they were 10 years ago."⁷ Moreover, the UNDP itself reported the following:

1.3 billion people live in absolute poverty, the poorest on less than \$1 a day, according to the United Nations. Every minute of every day, 47 people are added to the ranks of those living in poverty, increasing the number of the world's poor by 25 million a year.⁸

In Africa alone, the projections of rising world poverty levels range between estimates of 265 million and 296 million people by the turn of the century. We cite the World Bank projections of sub-Saharan Africa's poverty level that is

⁶ Boutros Boutros-Ghali, "Une nouvelle dimension pour l'ONU," Le trimestre du monde, 1/1993 p. 186

⁷ James Mayall, "The Institutional Basis of Post-War Economic Cooperation," in Paul Taylor and A.J.R. Groom, eds., International Institutions at Work, London: Pinter, 1988, p. 72

⁸ <http://www.undp.org>, Op.cit, Press Briefing(96-07-12): Human Development Report of 1996, NY Launch (p.1 of 3)

⁹ Ibid, Press Release (96-03-29): "Anti-poverty initiative launched by UNDP"

expected to increase to a total of 265 million by the year 2000¹⁰ as well as the Human Development Reports of the 1990's that documented rising levels of child malnutrition, rising levels of infant mortality, declining access to food and safe water, and declining per capita family income within the region of Sub-Saharan Africa.¹¹

A recent summit of leading agricultural scientists in Madras, India (July 1996) revealed the following statistics on increasing world poverty:

In sub-Saharan Africa, where the population is projected to double to 915 million people between 1989 to 2010, the food deficit is also projected to soar. The summit was told an estimated 296 million Africans, or 32 percent of the continent, would be chronically malnourished in the year 2010.¹²

When joining poverty to public finances, the picture is even more bleak. Showing little possibility for national governments to carry out social programs, Oxfam Canada revealed that

The world's 32 most indebted low-income countries collectively owe more than \$200 billion to the industrialized world- about four times the amount they owed in 1980. In Africa, the debt burden is so high that more than half of all foreign aid returns to industrialized countries in the form of interest and debt repayments.¹³

¹⁰ James H. Mittleman, "The Globalisation Challenge: surviving at the Margins," Third World Quarterly 15, 3 (1994) pp. 440-441.

¹¹ UNDP Human Development Report- 1990, New York: Oxford University Press, p. 18, 21-24

¹² Globe and Mail, "Severe food shortage forecast: Third World to feel brunt", reporter John Stackhouse, July 11, 1996

¹³ Ibid, "Third World debt woes challenge G7," reporter John Stackhouse, June 27, 1996

However, sub-Saharan Africa is not the only region of the world where poverty is a very real problem. Along with those populating the African continent, looking at the larger picture, "the number of people currently living in absolute poverty is roughly 1.3 billion."¹⁴

The UNDP as part of a larger Institutional Framework

Certainly, the UNDP is not the only intergovernmental organization that is actively involved in "fighting poverty." There are several other multilateral organizations such as the Food and Agriculture Organization (FAO), UNICEF, and the World Bank which have similar aims. For example, the latter recently issued the following statement: "The World Bank has reaffirmed its commitment to reducing poverty and has stressed that this is its fundamental objective."¹⁵ There are also bilateral organizations such as the Canadian International Development Agency (CIDA) and the United States Agency for International Development (USAID) that have similar objectives.

However, while some bilateral organizations, such as USAID, are also openly involved in "advancing the economic and political interests"¹⁶ of their mother countries through conditions attached to various foreign aid packages, the true goals of the multilateral organizations are often less obvious. This can be

¹⁴ <http://www.undp.org/undp/poverty/clock.htm>, February 20, 1997 at 20:41:52

¹⁵ The World Bank, Implementing the World Bank's Strategy to Reduce Poverty, Washington DC: The International Bank for Reconstruction and Development, 1993 p. 1

¹⁶ <http://www.info.usaid.gov>, February 9, 1996/USAID Bureau for Legislative and Public Affairs

attributed to the fact that, in the case of multi-lateral organizations, the interests of several different countries are involved in one large consortium. Accordingly, the activities of one international organization can sometimes overlap with those of another.

As for the UNDP, Kendall Stiles has observed that "The United Nations Development Programme is in many ways at the midpoint between the World Bank and UNICEF."¹⁷ While this thesis seeks neither to support nor refute the degree of accuracy of Mr. Stiles' assertion, we do recognize that the UNDP does not work alone in its efforts to fight poverty.

The Arguments

This research and its central arguments thus represent one explanation that will be understood through a *particular* conceptual framework while looking at one specific intergovernmental organization that claims to fight poverty. Keeping this in mind we may now present the central arguments of the thesis:

In spite of its broad mandate to fight world poverty, we argue that the UNDP is a self-limiting intergovernmental organization; an ever-narrowing conception of development has restricted its capability to reduce poverty in recipient countries. The restrictive roots of the UNDP's development

¹⁷ Kendall Stiles, "International Organizations and Civil Society", Paper prepared for the Annual Meeting of the International Studies Association, San Diego, 1996, p. 30

assistance efforts may be found by viewing the UNDP as part of the *institutional framework of the historic bloc of the Free world Order/Pax Americana*.¹⁹ This historic bloc of the Free World Order is, in turn, being sustained since 1945 with a non-coercive exercise of power that may be characterized as *western hegemony*. As an intergovernmental organization acting to preserve western hegemony, the UNDP has adopted the discourse of globalization, a discourse that is based on a market led conception of development. This market-led conception of development has led to a steady increase in private-sector programmes. Although a market-led conception of development may favour economic growth, it imposes limits on UNDP efforts to reduce world poverty unless compensatory policies provide for those who are marginalized by uneven growth. The UNDP, therefore, both acts to preserve western hegemony and to restrict its own capacity to reduce world poverty.

Key Concepts

What is meant by a market-led conception of development, a concept that is key to our central argument? The market-led conception will be understood, for the purposes of this thesis, as the discourse privileging such measures as privatization, deregulation, the integration of financial markets, attracting foreign direct investment, promoting exports and international trade as being the best means to achieve increased levels of

¹⁹ Please see pp. 26-27 for a full description.

economic growth.¹⁹ Growth is therefore, the necessary condition prior to poverty alleviation. Once steadily increasing levels of economic growth are attained, according to the market-led conception, most or all of the other sectors of development such as health and education will inevitably improve as the result of a strengthened economy.²⁰

The market-led conception of development can be contrasted with socially-based development. For example, W. Ofuatey-Kodjoe speaks of socially-based development and defines it as "constant improvement in the quality of people's lives, including their ability to maintain the integrity of their values."²¹ This humanist conception of development does not see economic growth a means to achieve development. Mahbub Ul Haq explains this alternative "perspective on development" as follows:

...the objective of development must be viewed as a selective attack on the worst forms of poverty. Development goals must be defined in terms of progressive reduction and eventual elimination of malnutrition, disease, illiteracy, squalor, unemployment, and inequities. We are taught to take care of the GNP, as this will take care of poverty. Let us reverse this and take care of poverty, as this will take care of the GNP. In other words, let us worry about the content of the GNP even more than its rate of increase.²²

¹⁹ Warwick Armstrong, Development as a Smokescreen: The Worth of a United Nations Project, Montreal: Centre for Developing-Area Studies, McGill University, 1978, p. 2-3

²⁰ Ibid, p. 3

²¹ Murphy and Tooze, Op.cit, p. 188

²² Mahbub Ul Haq, The Poverty Curtain: Choices for the Third World, New York: Columbia University Press, 1976, p. 35

Since it will be another one of our key concepts, we must ask the question: What is globalization? James Mittleman helps us to understand the globalization concept:

globalization is a coalescence of varied transnational processes and domestic structures, allowing the economy, politics, and culture of one country to penetrate another. The chain of causality runs from the spatial reorganization of production to international trade to the integration of financial markets.²³

As this thesis will demonstrate, the official UNDP language seems to consistently promote the acceleration of the very same processes that are described in Mittleman's definition of this phenomenon. The UNDP's early support of what it called "interdependence" in the 1970's, will be viewed as proto-language of the globalization discourse that has evolved over the past two decades. If it can be shown that the UNDP gives philosophical and financial support to such "economically driven" processes as promoting international trade and integrating financial markets, then the organization's conception of development will be revealed as a market-based conception.

Methodology

As Cox has suggested, an integral part of a critical theorist's method is to "pinpoint the places within the system where conditions are most propitious for change- to undertake the

²³ James Mittleman, "The Globalization Challenge: surviving at the margins," Third World Quarterly, 15, 3, 1994, p. 428

preliminaries necessary for a strategy of social and political transformation."²⁴

This thesis will use a method of critical analysis in order to isolate and analyze points of contradiction within the discourse/project orientation of the UNDP. Thus, by questioning and critically exposing the UNDP's adherence to market-led development, this thesis will systematically deconstruct the UNDP's discourse thereby revealing the otherwise disguised power relationships revolving within and around the organization.

The time frame of our analysis spans from 1975 to 1995, although, an investigation into the historical roots of the UNDP will involve some discussion of the years between 1946 and 1974. As opposed to looking at reality as something that is invariable across time and space, we recognize that reality and therefore history is a subjective social construct that can be divided into different, mutable historic blocs.²⁵ Often the line between two successive historic blocs is drawn by major shifts in power relationships that occur through a dialectical process whereby the thesis and antithesis result in a synthesis of opposing forces.²⁶ Any major shift of the post-war order thus provides us with a starting point for our investigation.

There are two such critical turning points when crises in world order presented the UNDP with opportunity points to adjust

²⁴ Robert Cox, Production, Power, and World Order: Social Forces in the Making of History, New York: Columbia University Press, 1987, p. 8

²⁵ The concept of an historic bloc will be further elaborated on page 21.

²⁶ Robert Cox, "Multilateralism and World Order," Op.cit, p. 180

its discourse and practices. The Free World Order/Pax Americana confronted a crisis, first in 1975, and then again in 1990. In each case, we find that the UNDP failed to change its market-led conception of development. While this failure has provided for the continued protection of the economic and political interests of the Western hegemonic post-war order, the UNDP missed two crucial chances to redefine its role in a manner that is more conducive to the eradication of world poverty.

Our analysis will focus, more specifically, on the ten "messages from the administrator"²⁷ that serve as introductory summations to the UNDP projects and policies of the particular year in question. Serving as our main indicator, these UNDP annual reports, containing the *discourse* of globalization (promoting the economically driven processes of the free market, financial integration, restructuring, privatization, foreign direct investment, export promotion, etc.) will support our main arguments; those arguments being 1) that the UNDP has consistently adhered to a market-led conception of development in spite of two historical opportunity points for change, and 2) that this market-led conception has failed to reduce rising levels of world poverty while continuing to protect and advance the economic and political interests of the post-war hegemonic order.

The first case will focus not only on the "messages from the Administrator," but also on the annual sections entitled

²⁷ United Nations, UNDP Annual Reports (1975-1995), New York: UNDP, 1975-1995.

"Results: Africa"; sub-Saharan Africa being the region where poverty is increasing most dramatically.²⁸ The critical examination of these documents will support and facilitate the argument that the UNDP's reaction to calls for a New International Economic Order was self-limiting to the extent that there were available alternative conceptions of development besides that of a market-led conception.

The second case will focus on the UNDP's reaction to the collapse of the former Soviet Union and the emergence of the Commonwealth of Independent States (CIS) and the Former Soviet Republics (FSR) after 1991. The collapse of the former Soviet Union represents the second- this time geopolitical- crisis of the Free World Order/Pax Americana. As such, the thesis will present the UNDP's reaction to the crisis as a further indication of the organization's tendency to protect and expand western geopolitical interests.

The argument of the second case will be supported with an analysis of the UNDP annual reports from 1992 to the present. As with the first case, we will critically examine the sections of the reports entitled "Message from the Administrator". However, we will also analyze the sections labeled "Results: Europe and the CIS"²⁹ in order to reveal specific examples of UNDP's efforts to help expand western economic and political influence in the

²⁸ UNDP Annual Report- 1985, *Op.cit*, p. 20

²⁹ UNDP Annual Report- 1993, *Op.cit*, p. 24

regions where the demise of the U.S.S.R had left an apparent vacuum of power.

Chapter outline

Chapter 1- To use an inquisitive metaphor, with what color lens shall our mind's eye observe the UNDP? Essentially, the first chapter will clarify the general ontology and epistemology of our theoretical perspective. This will be done by briefly discussing what distinguishes critical theory from other perspectives within the field of international relations. It will also determine from what perspective this thesis will view the "reality" of the world with a discussion of the core concepts of the thesis.

Chapter 2- The goal of the second chapter is to reveal how the UNDP fits into the conceptual framework outlined in chapter 1. We explain when and under what circumstances the currently transforming world order was established and how the UNDP helped to maintain that order. Finally, chapter 2 discusses the crises of world order which have led to its present period of transition. The first of these crises arrived in 1975 when calls for a New International Economic Order brought about an explicit challenge to the existing order. The post-war order confronted its second crisis, in 1990, when the former Soviet Union collapsed and the Commonwealth of Independent States and the Former Soviet Republics made their debut on the world stage.

Chapter 3- In support of the initial argument, that the UNDP has consistently adhered to a market-led conception of development in

spite of two historical opportunity points for change, we will analyze the UNDP's response to the first world order crisis. The organization's reaction to the crisis of Third World demands for a New International Economic Order will be analyzed in six steps. First, we will elaborate the crisis and explain its origins. Secondly, we will observe calls for the UNDP to respond to the crisis. Thirdly, we will illustrate the UNDP's initial response with selected text from UNDP annual reports. Fourthly, we will further analyze the annual reports in order to establish the UNDP's apparent indicators for measuring development. Fifthly, the effect of UNDP's indicators/response will be uncovered with the discovery of increasingly private sector oriented programmes. The final step will be to paint the larger picture that these steps comprise when viewed from a critical conceptual framework.

Chapter 4- Complementing the analysis of UNDP's efforts in the third world, the fourth chapter will analyze the organization's reaction to the second world order crisis, from 1991 to 1995; after the end of Cold War bipolarity. Employing the same six steps used in the first case-study (chapter 3), this chapter will see the West's response to the crisis in terms of seizing an opportunity for further expansion of the Free World Order/Pax Americana. It will uncover evidence that the UNDP did not take this historical opportunity point to redefine its role in a manner more conducive to the eradication of world poverty. Our analysis will reveal, to the contrary, that the UNDP's

institutionalized obligation to preserve Western economic and geopolitical interests has resulted in "development assistance" which further expands the free-market world economy into the Former Soviet Republics (FSR) and the Commonwealth of Independent States (CIS). Thus, chapter 4 essentially demonstrates how the multilateral assistance efforts in this region may affect the South in general, as well as the East (in terms of programme focus), much to the neglect of the poverty eradication objective.

Chapter 5- The concluding chapter will offer a broader, macro-perspective of the UNDP's development assistance activities. While pointing out some specific contradictions within the organization's discourse, the chapter will link these contradictions to the possible emergence of a new world order.

Chapter 1- Molding a Lens for the Mind's Eye- Constructing a Conceptual Framework.

To understand where this thesis will situate the UNDP theoretically, chapter one will constitute a discussion of our theoretical perspective as well as some of the core concepts that are pertinent to our main argument. Consequently, as we engage in a definitional analysis of these concepts the chapter will provide answers to the following central questions: first, what distinguishes this particular theoretical orientation from other perspectives within the field of international relations? Secondly, from what perspective will this thesis view the "reality" of the world? While it is not possible to prevent a certain degree of overlap as we answer these questions, the division of the two is meant to clarify the general ontology and epistemology of our theoretical perspective.

Epistemology- Critical Theory

Beginning with epistemological considerations, we distinguish post-positivist critical theory from positivism. Critical theorists reject the idea that *knowledge* is "nature's own" and thus beyond criticism. Whereas positivist realists³⁰ remain convinced that knowledge and universal truths are lying

³⁰ Authors such as Kenneth Waltz, who has published such works as: Theory of International Politics Reading, Mass: Addison-Wesley Publishing Company, 1979 or J.K. Holsti in "Mirror, Mirror on the Wall, Which are the Fairest Theories of All?," International Studies Quarterly 33:3, 1989, and in some instances Robert O. Keohane in works such as Power and Interdependence: World Politics in Transition Boston: Little Brown Company, 1977

all around us just waiting to be "discovered", the critical theorist asserts that all knowledge is *contextual*.³¹

Often, the dominant positivist discourse will lead us to believe that there are certain universally applicable truths pertaining to a certain subject. However, the critical theorist is quick to point out the fact that such "truths" often marginalize certain groups that are potential victims of the *implied* permanence of the positivist interpretation of the existing order.³²

Indeed, one of the arguable merits of critical theory is that it requires its practitioners to recognize and clearly state their own epistemological limits from the outset. Whereas positivist realists will boldly claim that their theories work to the benefit of all by accumulating empirical facts and by "discovering" universal truths, the critical theorists are aware of the fact that their application of theory necessarily exudes politico-normative content.³³

The critical theorist presumes that every theory serves the interests, needs, and/or political agendas of one particular segment of society; often while marginalizing another.

One of the most important conceptual areas where critical theorists strongly differ from empiricists and positivists is in

³¹ Mark Neufeld, "Reflexivity in International Relations Theory" in Claire Turenne Sjolander & Wayne S. Cox, Beyond Positivism: Critical Reflections on International Relations. Boulder: Lynne Rienner Publishers, 1994, p. 14

³² Ibid, p. 14

³³ Ibid, p. 24

the understanding of the relationship between subject and object. The critical theorist does not believe that there can be a clear distinction between the subject and the object of our studies; the two are inextricably linked.³⁴ Consequently, it is impossible for a scholar to be objectively neutral while carrying out his or her research. Hence, the subject may change the object and the object may change the subject.

Thus, when examining the historic bloc concept, for instance, it is necessary to point to the fact that our use of this concept exemplifies the critical theorists view of reality as a social construct. In other words, when we attempt to observe reality, we are not looking at some immutable, permanent fixture of the world, we are looking at transient power relationships which are constantly subject to change.³⁵

Returning to one of our initial questions, the central conceptual tools to be employed in this thesis consist of hegemonic world order and historic blocs. An analysis of these concepts will serve to solidify the nature of our critical conceptual framework.

Robert Cox, a principal exponent of critical theory, postulates the link between world order and historic bloc as follows:

³⁴ Wayne S. Cox & Claire Turenne Sjolander, "Critical Reflections on International Relations," in Claire Turenne Sjolander & Wayne S. Cox, Beyond Positivism: Critical Reflections on International Relations. Boulder: Lynne Rienner Publishers, 1994, p. 5

³⁵ Robert Cox, Production Power, and World Order: Social Forces in the Making of History. New York: Columbia University Press, 1987, p. 8-9

Complexes of... historic blocs do not exist in isolated national compartments. They are linked to a world order that bears directly on them, as well as influencing them through their national states.³⁶

This link can be clarified by bringing in the social class dynamic central to Cox's critical perspective:

The historic blocs underpinning particular states become connected through the mutual interests and ideological perspectives of social classes in different countries, and global classes begin to form. An incipient world society grows up around the interstate system, and states themselves become internationalized in that their mechanisms and policies become adjusted to the rhythms of the world order.³⁷

We must emphasize two more important points pertaining to the concept of world order viewed from a critical perspective. First, as Stephen Gill observes in The New Political Economy, "no transhistorical essentialism or homeostasis is imputed in any given social order or world order."³⁸ That is to say, unlike the realist view of world order as perpetual anarchy³⁹ with states representing the sole actors in a "reality" that is invariable across time and space, the critical view asserts that every world order is time specific and transient. Thus, in one sense, different world orders may be distinguished from one another in

³⁶ Ibid, p. 6-7

³⁷ Ibid, p. 7

³⁸ Craig N. Murphy and Toozee, The New International Political Economy, Boulder: Lynne Rienner Publishers, 1991, p. 61

³⁹ Ibid, p. 60

terms of how their respective social structures are substantiated in different ways in the service of different interests.⁴⁰

The second point to be made about distinguishing different world orders from one another is well stated by Robert Cox when he explains that "a principal distinction between structures of world order lies in whether or not the order is hegemonic."⁴¹ The concepts of hegemony and of historic blocs run parallel to one another within a critical conceptual framework, hegemony being defined as:

dominance of a particular kind where the dominant state creates an order based ideologically on a broad measure of consent, functioning according to general principles that, in fact, ensure the continuing supremacy of the leading state or states and leading social classes but at the same time offer some measure or prospect of satisfaction to the less powerful.⁴²

While an historic bloc is essentially a concept used to describe a time-specific socioeconomic power structure, the concept of hegemony is used to understand how that socioeconomic power structure is *maintained* with a non-coercive exercise of power. This exercise of power is one that works, primarily, to the benefit of the "leading" states within a particular world order.⁴³

⁴⁰ Ibid, p. 61

⁴¹ Robert Cox, Op.cit, p. 7

⁴² Robert Cox, Production Power, and World Order: Social Forces in the Making of History, New York: Columbia University Press, 1987, p. 7

⁴³ Ibid, p. 7

Although a number of critical theorists from the contemporary era, including Craig Murphy and Robert Cox, have applied the historic bloc and hegemony concepts to international relations studies, the originator of these particular conceptions is the Italian scholar, Antonio Gramsci.⁴⁴ Gramsci had applied these concepts in the early 20th century principally to national politics, however, their theoretical value for the critical analyst in international relations is fundamental.

Craig N. Murphy, for example, has interpreted the Gramscian concept of an historic bloc as "a complex of economic, political, and cultural institutions which permits the normal social development characteristic of a particular period and a particular economic system."⁴⁵

While there are many theoretical and metaphorical "sides" to an historic bloc, according to Murphy's interpretation, the sense of an historic bloc that we are interested in is "a 'bloc' of those whose interests are served and whose aspirations are fulfilled by this economic and social system."⁴⁶ Our analysis of the UNDP will draw on the historic bloc concept to help us identify the nature of the time-specific, socially constructed reality of the particular historical period in question; under study are the years between 1975 and 1995.

⁴⁴ Gregg J. Legare, "The Seven Sisters' Energy Regime," in Claire Turenne Sjolander and Wayne S. Cox, Beyond Positivism: Critical Reflections on International Relations, Boulder: Lynne Rienner publishers, 1994, p. 82-83

⁴⁵ Craig N. Murphy, International Organization and Industrial Change, New York: Oxford University Press, 1994, p. 26-27

⁴⁶ Ibid, p. 27

Thus far, we have offered an initial answer to the two central questions posed at the start of this chapter. First, we distinguished between critical theory and the positivist realist perspective by emphasizing the subject-object relationship. Secondly, our definition of an historic bloc reveals how we intend to view past and present reality in terms of whose "interests are being served". The conceptual framework of the thesis is clearer to a certain extent. Also, we have begun to achieve a better understanding of the epistemology of the thesis. However, to further that epistemological and ontological understanding, we now move on to a discussion on the place of institutions within a world order.

Interests, Intergovernmental Organizations, and World Order

Aside from the critical approach, there are alternative ways of seeing intergovernmental organizations (IGO's). According to the realist school of thought, for example, IGO's play a secondary role in international relations. Along this line of reasoning, with states as the only real actors in world politics,⁴⁷ a state will quickly abandon any commitments to an IGO if it is in the best interest of that state to do so. Accordingly, because of this inherent self-interest, an understanding of international organization is of minimal importance when compared to an exclusive focus on the interests of individual states.

⁴⁷ Kenneth N. Waltz, Theory of International Politics. Reading, Mass: Addison-Wesley, p. 91

The functionalist approach views intergovernmental organization from yet another theoretical perspective. Charles C. Pentland explains that,

functionalists see integration as the slow accumulation, through co-operative international efforts at problem solving in specific economic, social, and technical sectors, of international agencies to which governments transfer real, although circumscribed, powers.⁴⁸

Often referred to as the "spillover" effect, this view differs from the realist perspective partly in that cooperation between states within an IGO is perceived as both possible and desirable. However, the functionalist approach is limited, in part, by its inability to account for those groups of world society that may be marginalized by the "enlightened" self-interest of their own state governments.

Within the context of a critical approach, Robert Cox asserts that Multilateralism should be understood as "the *institutionalization* and regulation of existing order...(emphasis added)."⁴⁹ Each specific world order of a particular historic bloc is held together with its respective institutional framework. Consequently, the formation of intergovernmental organizations expresses the consolidation or "institutionalization" of a particular world order. Therefore,

⁴⁸ Charles C. Pentland, "Integration, Interdependence, and Institutions: Approaches to International Order," in World Politics: Power, Interdependence and Dependence, ed. David G. Haglund and Michael K. Hawes. Toronto: Harcourt Brace Jovanovich, 1990, p. 180

⁴⁹ Robert Cox, "Multilateralism and World Order," Op.cit, p. 177

for the purposes of our analysis, institutions are regarded as underpinnings of specific world orders.

Tracing the origins of this critical view of institutions back to its link with the Gramscian concept of historic blocs, Craig Murphy offers the following insightful metaphor which elaborates on the place of institutions within a particular historic bloc:

Coercive structures (walls, floors, ceilings) have to work with enabling structures (rooms, halls, stairways) in the same way that the institutions of political society must work with those of civil society...only within such a coherent ensemble of coercive and enabling *institutions* can the normal development of society occur. Such a bloc becomes the framework for history...
(emphasis added)⁵⁰

That historic bloc is then linked to a given world order. We recall that this world order, in Cox's words, "bears directly upon" the historic bloc and "influences it through its national states."⁵¹ Thus, groups of member nation-states comprise particular institutions and those institutions act and speak in the interest of establishing and preserving a particular world order that benefits some while marginalizing other groups in world society.

Intergovernmental organizations are, therefore, not autonomous actors functioning within a perpetual state of anarchy. From our critical perspective they are, rather, part of

⁵⁰ Craig N. Murphy, Op.cit, p. 28

⁵¹ Robert Cox, Production, Power, and World Order, Op.cit, p. 6-7

the institutional framework of a transient yet coherent socio-economic power structure that can be characterized as an historic bloc of a specific world order.

One way of analyzing the Cold War, for example, is by looking at each side in terms of two opposing historic blocs. Murphy explains the roots of the Cold War from this perspective:

'The Free World' had become the anti-Communist alliance. By failing to join the Bretton Woods institutions in 1946 and by using force to sustain the Soviet hold on states occupied at the end of the war, Stalin signaled his intention to remain independent of American supremacy by building an alternative international social order.⁵²

The UNDP, as part of the broader institutional framework of the United Nations, thus may be expected to support the Free World postwar order. Indeed, Murphy explains that: "the stable configuration of UN agencies had helped to crystallize the supremacy of the dominant world-views and of the dominant social forces that have governed the western world since 1945..."⁵³

It is necessary to emphasize that, from a critical standpoint, international institutions are qualitatively different from one world order to another. This is because different international institutions express different economic and geopolitical interests within their respective world orders. Using another architectural metaphor, Murphy helps elaborate on this point stating that

⁵² Craig N. Murphy, Op.cit, p. 174

⁵³ Ibid, p. 32

the final form of the institutions of the prewar Interimperial Order and the postwar world order of the Free World differed as greatly as Salisbury and Chartres. Like most gothic cathedrals, the institutions of each of the successive world orders have been built sporadically over many dozens of years as the interest of the community to be served waxed and waned and as different sponsors and benefactors were found to realize one or another part of the originally imagined project.⁵⁴

A critical view of IGO cannot, therefore, be transhistorical. Accordingly, the analysis of a particular IGO must specify which institutional framework it is a part of, as well as whose interests are being served by the respective world order which that institutional framework helps to sustain. The preceding section, as well as chapter two, will fulfill this necessary task by establishing the UNDP as one particular institution within the framework of a specific world order.

Transition points between World Orders

The United Nations Development Programme is part of the institutional framework of the specific historic bloc that Murphy refers to as the Free World Order. Spanning the last five decades from 1945 to the present, Robert Cox has labeled this same time specific socio-economic power structure as the Pax Americana. Craig Murphy defines the Free World Order/Pax Americana with the following:

The Interimperial Order and the Free World Order were approximations, although very poor approximations, of ethical hegemony...they

⁵⁴ Ibid, p. 33

have been ways to secure the hegemony of the liberal internationalist vision in a world where the growth of industry either creates or reinforces conflicts between managers and workers, between protectors of society's past and champions of the new order, between people in the industrialized world and those in the LDCs...⁵⁵

Why does Murphy describe the Free World Order in the past-tense while our analysis contends that this order supposedly spans from 1945 to the present? There is an important reason for this apparent contradiction. Due to what can be characterized as two major world order crises that occurred in 1975 and 1990, critical theorists such as Craig Murphy and Robert Cox contend that we are presently in a time of transition where one world order is being replaced with a new world order that has yet to be defined.⁵⁶

What forces work to dismantle the institutional framework of a given world order (thereby providing the opportunity for the construction of a new world order)? Basically, the twin forces of contradiction and crises work to dismantle an existing order. When transnational power structures, international institutions serving as one example, repeatedly fail to disguise the contradictions and/or to resolve the conflicts created by a given world order, that world order enters a time of crisis. Depending on the response to the crisis, a world order may or may not

⁵⁵ Ibid, p. 45

⁵⁶ Stephen Gill, "Historical Materialism, Gramsci, and IPE" in Murphy and Tooze The New International Political Economy, Boulder: Lynne Rienner Publishers, 1991, p. 64-65 as well as Robert Cox, "Multilateralism and World Order" Review of International Studies (1992), 18, p. 164

survive.⁵⁷ Stephen Gill's interpretation of international institutions in the contemporary period provides a useful example of this critical view:

Since such intergovernmental and transnational forums have existed for some time, their growing importance can only be explained historically. Apart from being concrete institutional responses to the crisis of transformation in the postwar world order system, corresponding to an uneven globalization of the political economy, they are also initiatives that are bound up with the birth and early development of an international political and civil society that is in some respects new and suggestive of a reconfiguration of the world order in the late twentieth century.⁵⁸

An understanding of this historical process of contradiction and crisis will be critical to our assessment of the UNDP since the two cases of our analysis will be centered around the UNDP's response to two crises within the postwar world order. By closely examining the manner in which the UNDP responds to these crises, it will be possible to determine whose interests are being served by the multilateral framework that includes this particular IGO as its figure-head in the fight against poverty.

Regulating World Order

If, as Cox suggests, the *raison d'être* of international institutions is instrumental to preserve and regulate the existing world order,⁵⁹ then the actual practices can be

⁵⁷ Robert Cox, Multilateralism and World Order, Op.cit, p. 393

⁵⁸ Stephen Gill, "Historical Materialism, Gramsci, and IPE" in Murphy and Tooze The New International Political Economy, Boulder: Lynne Rienner Publishers, 1991, p. 64-65

⁵⁹ Robert Cox, Production, Power, and World Order, Op.cit p. 7

elaborated by reference to Murphy's method of analysis along three dimensions. We will use the three elements to analyze the UNDP's role in regulating the existing order. Each of the dimensions represents either the "tasks", the "means", or the "sites" of regulation.⁶⁰

When discussing the *tasks* of these institutions, Murphy asserts that the central task of international institutions in the postwar order is "fostering industry through the expansion of international markets."⁶¹ He states further that "Other necessary tasks (satisfying potential opponents of new industries, maintaining a stable balance of military power) would follow."⁶² The UNDP, we shall see, took on the task of fostering industry in the developing world.

The "means" with which international organizations regulate the existing order entail "coercive means (colonialism) giving way to more consensual means (mobilizing international support for the governments of developing countries)."⁶³ As will be observed, the UNDP uses the consensual means of ideology rather than coercive means to help regulate the existing order.

Finally, Murphy's third dimension- the "sites" of regulation- distinguishes global, national, and intermediary regimes:

the third dimension would locate where
regulatory action takes place. It could take

⁶⁰ Craig N. Murphy, Op.cit, p. 42

⁶¹ Ibid

⁶² Ibid

⁶³ Ibid

place at the global level (as in the case of some development assistance provided by IGO's and transnational associations). It could take place among smaller groups of states (as in the case of most foreign aid, or within a single sovereignty...⁶⁴

The UNDP, as an intergovernmental organization, providing development assistance, can undertake "regulatory action" at the global level. However, as the author of International Organization and Industrial Change explains,

The regulatory structure of a particular, concrete world order can involve different means at different levels. For example, the consensual international activities that constitute development assistance can support LDC governments in their coercive management of dissent against the existing world order.⁶⁵

Thus, using Murphy's method, we will also examine the organization's interaction with some specific governments of the developing world.

After considering the critical views of Cox, Gill, Murphy, and Tooze, we now have a more comprehensive understanding of the place of institutions within world orders. By understanding IGO's to be essentially underpinnings of world orders, we will see how the UNDP may have been limited by an institutionalized obligation to protect the dominant economic and geopolitical interests within the world order that is presently in transition.

Having adequately established our theoretical standpoint, we are now ready for the application of the conceptual framework to

⁶⁴ Ibid
⁶⁵ Ibid

a more concrete analysis of the UNDP. This application will help offer a possible explanation for the aid/poverty paradox motivating the thesis.

Chapter 2- Restrictive Roots- The post W.W.II Historic Bloc and the Creation of the UNDP

The General Assembly of the United Nations, in 1946, established the Economic and Social Council to "coordinate the policies and activities" of "various intergovernmental specialized agencies."⁶⁶ Referring to the Yearbook of the United Nations,

The principal functions and powers of the Economic and Social Council are: (1) to make or initiate studies and reports with respect to international economic, social, cultural, educational, health and related matters and to make recommendations with respect to any such matters to the General Assembly, to the Members of the United Nations and to the specialized agencies concerned...⁶⁷

The issue of poverty, based on the UN's broad categorization of "matters" above, can at be classified as either a "social" or an "economic" matter; depending upon how one approaches the issue.

The UNDP has its roots dating back to 1949, when the Economic and Social Council created the Expanded Programme of Technical Assistance (EPTA).⁶⁸ Chaired by then assistant secretary-general David Owen, the EPTA's operations were guided by the Technical Assistance Board (TAB).⁶⁹ At the time, the 71

⁶⁶ Yearbook of the United Nations: 1946-1947, Lake Success, New York: United Nations Department of Public Information, 1947, p. 467

⁶⁷ Ibid, p. 467

⁶⁸ United Nations, Generation, New York: UNDP Division of Information, 1985, p. 14

⁶⁹ The UN's Division of Information documents that the original organizations represented on the TAB included (among others) the UN itself, the International Labour Organization (ILO), the Food and Agriculture Organization (FAO), and the World Health Organization. "In Addition, the International Bank for Reconstruction and Development (World Bank) and the International Monetary Fund (IMF) were accorded participation." Ibid, p.14

recipient countries included Italy, Austria, Japan, Finland, and Luxembourg.⁷⁰ While few would consider these countries as "developing" today, it is apparent from their present relative affluence that much of the EPTA/UNDP's initial work was designed to rebuild and strengthen the west and/or the geostrategically important allies of the west following the second World War.

While the EPTA/UNDP was originally involved in post-war reconstruction, its tasks evolved to incorporate many of the former colonial territories of the third world that achieved sovereign status. As the UN's Division of Information explains, after the first five years of EPTA operations,

Demand for assistance was now greatly outstripping available funding. Pausing to take 'A Forward Look' at the Programme's future direction, the TAB saw that EPTA's work was proving useful. But it was barely scratching the surface of urgent and widespread developing country needs. Poverty, hunger, disease and illiteracy remained the common lot (emphasis added).⁷¹

Consequently, the Expanded Programme of Technical Assistance was merged with the United Nations Special Fund⁷² in 1965 to form the official United Nations Development Programme⁷³ as we know it today. The reason for this merger is best explained by resolution

⁷⁰ UNDP Annual Report- 1975, Op.cit, p. 5

⁷¹ Generation, Op.cit, p. 22

⁷² Founded in 1959, the Special Fund served as a "close-working complement to the EPTA until the merger of the two funds in 1965." The Special Fund took on more costly and "longer-term" projects due the substantial levels of funding that it received from voluntarily contributing member-states (Generation-UNDP: 1985, p.23).

⁷³ UNDP Annual Report- 1975, Op.cit, p. 5

2029(xx) of the UN General Assembly. The UN Division of Information cites this resolution as follows:

the merger 'would simplify organizational arrangements and procedures' and 'facilitate overall planning and needed co-ordination of the several types of technical cooperation programmes carried on.' It also recognized that 'requests for assistance on the part of the developing countries are steadily increasing in volume and scope.'⁷⁴

It is important to note that the UN's division of information cited poverty first among the three problematic categories of increasing "volume and scope" within the developing world.⁷⁵

Global awareness of growing world poverty, therefore, seems to have surfaced in 1965 in conjunction with the peak of decolonization of the Third World at that time.⁷⁶

However, as early as 1951, it was possible to see how the institutional predecessors of the UNDP had been working to lay the foundations that would eventually "secure the hegemony of the liberal internationalist vision," as Murphy put it. For example, note the following areas to which the UN development assistance institutions originally gave priority:

The United Nations co-operates in the Expanded Programme through the Technical Assistance Administration, created during the year. The major fields in which technical assistance is provided are industrial development, road, rail, and inland water

⁷⁴ Generation, Op.cit, p. 28

⁷⁵ Ibid, p. 22

⁷⁶ Barry B. Hughes, Continuity and Change in World Politics, Englewood Cliffs, New Jersey: Prentice Hall, 1991 p. 385

transport, public finance and fiscal policies...⁷⁷

The above goals of the UNDP's predecessor institutions correspond to those of American economic policy makers at the time. As Nathan and Oliver suggest,

a primary thrust of American economic policy prior to the Truman Doctrine can be seen as economic recovery, reconstruction, and ultimately the development of a strong and monetarily stable free-trading international economic system as an end in itself.⁷⁸

They explain the role of the postwar institutions as intended,

To prevent a recurrence of the situation and establish the basis for stable world economic order, a set of loosely related institutions had been set up during and after the war: the International Monetary Fund (IMF), the International Bank of Reconstruction and Development (World Bank), and the General Agreement on Tarriffs and Trade (GATT).⁷⁹

In view of their shared objectives in the areas of fiscal policy, facilitating the expansion of trade and industry, and completing the necessary task of restoring the infrastructure that was destroyed during W.W.II, the UNDP's immediate predecessors were clearly a part of the broader institutional framework of the Free World Order/Pax Americana. The symbolic catalyst for the further implementation of those objectives can

⁷⁷ Yearbook of the United Nations-1951, New York: United Nations Department of Public Information, Sales No: 1951. I. 24, p. 452

⁷⁸ James A. Nathan and James K. Oliver, United States Foreign Policy and World Order, Glenview, Illinois: Scott, Foresman and Company, 1989, p. 58

⁷⁹ Ibid

be found within the goals of the Marshall Plan. As Nathan and Oliver observe,

The fully elaborated European Recovery Program was proclaimed by Secretary of State Marshall at the Harvard University commencement in early June 1947...it followed that American policy 'should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist.' The substance of Marshall's speech was a proposal for European economic integration rather than a piecemeal aid program.⁸⁰

How the Interests of the Historic Bloc of the Free World Order/Pax Americana are Reflected in the Organizational Design of the UNDP.

Within what context do we refer to Western interests? Fred Block elaborates on the United States' "global ambitions", in particular, when describing the origins of international economic monetary disorder. Block explains:

The fundamental contradiction was that the United States had created an international monetary order that worked only when American political and economic dominance in the capitalist world was absolute. That absolute dominance disappeared as a result of the reconstruction of Western Europe and Japan, on the one hand, and the accumulated domestic costs of the global extension of U.S. power, on the other. With the fading of the absolute dominance, the international monetary order began to crumble.⁸¹

To understand how the UNDP can be seen as a manifestation of the specific historic bloc of the Free World Order/Pax Americana

⁸⁰ Ibid, p. 59

⁸¹ Fred Block, The Origins of International Economic Disorder, Berkeley: University of California Press, 1977, p. 163

that exists to serve mainly western interests, we may recall Cox's suggestion that historic blocs "do not exist in isolated national compartments" and that they are "linked to a world order that bears directly on them, as well as influencing them through their national states."⁸² With this understanding of an historic bloc, we will see how the interests of this specific historic bloc are translated into the specific indicator of "voluntary" UNDP financing.

Financing of international organization may be seen as one manifestation of influence. Within the UNDP, financing directly expresses Western interests and, by extension, the preservation of the historic bloc of the Free World Order/Pax Americana.⁸³ The majority of funding for UNDP operations and projects comes from the "voluntary contributions" of its member states. Not surprisingly, the most generous contributors are the wealthy, industrialized countries of the West. Countries such as the United States, Canada, Great Britain, France, Japan, Germany, Sweden, and Italy have consistently contributed close to 90% of the total annual UNDP funding.⁸⁴

The funding aspect of the UNDP's organization is particularly pertinent to our analysis of discourse in both of

⁸² Robert Cox, Production, Power, and World Order, *Op.cit*, pp. 6-7

⁸³ Spero has observed that "the major aid focus of the less-developed countries" was the Special United Nations Fund for Economic Development (SUNFED) during the postwar decade but "SUNFED was opposed by the North and especially by the United States...SUNFED never came into being." Joan Edelman Spero, The Politics of International Economic Relations, New York: St. Martin's Press, 1985, p. 184

⁸⁴ UNDP Annual Report- 1992, *Op.cit*, p. 24

the proceeding case-studies. This is because the UNDP administrator must annually drum up support for increased contributions from the member-countries. This annual plea for increased funding is found in the "message from the Administrator" that begins each Annual Report.⁸⁵ The bureaucracy of the UNDP is then biased to promote those projects that are most appealing to the largest donors.⁸⁶

The problem with this situation is that the interests of those states where much of the population is living in absolute poverty often conflict with the interests/(preferred development projects) of the largest donors to the UNDP.⁸⁷ Thus, this voluntary method of financing the UNDP's operations reproduces the structure of power among states and constrains the organizations programme choice in a manner counterproductive to the UNDP's desired goal of eradicating world poverty.

How one could have still expected the UNDP to be well suited to deal with poverty

Essentially, at the time of its creation, the UNDP's mandate was an extension of the preamble to the Charter of the United Nations. Specifically, because of its focus on "technical assistance," the UNDP was the arm of the UN which was "...determined to employ international machinery for the

⁸⁵ UNDP Annual Reports (1975-1996), *Op.cit*, "Message from the Administrator"

⁸⁶ UNDP Annual Report- 1993, *Op.cit*, p. 24

⁸⁷ Warwick Armstrong, *Development as a Smokescreen: The Worth of a United Nations Project*, Montreal: Centre for Developing-Area Studies, McGill University, p. 12

promotion of the economic and social advancement of all peoples..."⁸⁸

Yet, in a process of reconstructing capitalism, social disparities are not surprising if we recall with Samir Amin the logic of global capital:

Le procès de l'accumulation du capital qui en commande la dynamique, lui-même façonné par la loi de la valeur mondialisée, opérant sur la base d'un marché mondial tronqué, (c'est à dire limité aux marchandises et aux capitaux, à l'exclusion de la force de travail) produit alors nécessairement la polarisation mondiale (le contraste centres/peripheries).⁸⁹

If, however, we focus on the technical assistance portion of the UNDP mandate and on the current affluence of its earlier recipient states, such as Austria, as well as the fact that the UNDP is the world's "largest development service network,"⁹⁰ it is certainly not unreasonable to expect the UNDP to have dealt more effectively with world poverty. It would also seem logical that the interests of the historic bloc of the free world order would be well served by, at least, keeping poverty at an 'acceptable' level. The spectre of social instability or the potential spread of communism would exemplify two rational reasons for keeping world poverty at bay.⁹¹

Considering our earlier observations that world order is not fixed nor invariable across time and space, the emergence of the

⁸⁸ <http://www.undp.org> & Yearbook of the United Nations-1965, *Op.cit*, p. 273

⁸⁹ Samir Amin, L'Empire du chaos: la nouvelle mondialisation capitaliste, Paris: Editions L'Harmattan, 1991, p. 5-6.

⁹⁰ UNDP Annual Report- 1985, *Op.cit*, p. 8

⁹¹ Joan E. Spero, *Op.cit*, p. 187

newly independent states after decolonization and their vocal leaders⁹² coupled with well publicized increasing world poverty created unprecedented pressures on institutions such as the UNDP. And, with the apparent failure of bilateral efforts to adequately address world poverty issues during the initial post-war decades, it is reasonable to expect some change when the Free World Order confronted demands for a New International Economic Order in 1975.

The Crises to which the UNDP has been Obligated to Respond

As the utilization of the past tense in Murphy's Free World Order definition would suggest,⁹³ the world order that began in the 1940's may have ceased to exist in its hegemonic form. While neither Murphy nor Cox has offered a name for its emerging successor, both authors can agree that the Free World Order/Pax Americana has experienced two specific crises that have led to the possible decline of its hegemony.

Thus, there is good reason to begin our analysis of the UNDP in 1975. Apart from the fact that 1975 saw the first alterations of the UNDP's mandate, it is also the approximate year that critical authors such as Cox and Murphy recognize as the

⁹² Hughes has observed that "In 1955 leaders of twenty-seven states met in Bandung, Indonesia. From the Bandung Conference emerged the Nonaligned Movement (NAM) under the leadership of Tito from Yugoslavia and Nehru from India... The NAM held its first formal summit in Belgrade in 1961 and has met approximately every third year since then, including a session in Zimbabwe in 1986 that 101 countries attended." Hughes further notes that 124 of the United Nation's 159 members were third world countries in 1989. Barry B. Hughes, Continuity and Change in World Politics, Englewood Cliffs, New Jersey: Prentice Hall, 1991 p. 384-385

⁹³ Please see page 26

beginning of significant challenges to the hegemony of the Free World Order/Pax Americana. While the hegemonic world order may have shown signs of decline stemming from these challenges, our analysis of the UNDP's extended reaction to the crisis seeks to appreciate whose interests have been served by the efforts to preserve that hegemonic world order.

As we will observe in Chapter 4, in addition to the crisis of 1975, which is fundamentally a socio-economic challenge turning on a North-South axis, the historic bloc of the Free World Order/Pax Americana saw phase two of the challenge to its hegemony towards the beginning of the 1990's. This second crisis of the hegemonic Free World Order came with the disintegration of the former Soviet Union and the subsequent emergence of the Former Soviet Republics and the Commonwealth of Independent States, and was fundamentally a geopolitical crisis turning on an East-West axis.

Robert Cox refers specifically to these two crises in his work, "Multilateralism and World Order". Although he does not mention the UNDP specifically, the unprecedented support the UNDP provided to the Former Soviet Republics, eastern Europe, and the Commonwealth of Independent States during the early 1990's can be seen as one of the two reactions that Cox refers to as "shifts" in the policy direction of the institutional framework of the

United Nations.⁹⁴ Cox explains the first "shift" with the following observation:

The context in which this shift occurred was the economic crisis of the mid-1970's which led among other things to a reduced willingness on the part of the rich countries to finance aid to the Third World, and an increased tendency on their part to insist upon free-market, deregulating, and privatizing economic policies both at home and abroad.⁹⁵

Cox's observations offer support to our initial argument to the extent that we view the institutional framework of the Pax Americana world order, of which the UNDP is a part, to be attempting to preserve the interests of the west with the promotion of the globalization discourse. That discourse is one which actively encourages the world-wide expansion of the free-market, deregulation, and privatization. Consequently, renewal of a globalization discourse centered on market-led development will be seen as restricting the UNDP's ability to effectively eliminate world poverty.

⁹⁴ Robert Cox, Op.cit, p. 164

⁹⁵ Ibid

CHAPTER 3- Revealing Reactions- The UNDP's Reaction to the First Crisis of the Free World Order/Pax Americana

The global economic crisis of 1973-1975 appeared to offer an opportunity point for the forces of change to redefine the UNDP's role. Although the UNDP's mandate was indeed altered in 1975, the IGO responded to the crisis with the objective of protecting the economic interests of the deteriorating hegemony of the Free World Order/Pax Americana rather than further enhancing its ability to effectively fight rising world poverty.

The Crisis

The year 1975 saw the material signs of crisis that stemmed, in part, from the drastic increase of oil prices in 1973. Along with other authors, Arrighi has explained that the rise in oil prices was coupled with devastating inflationary pressures:

Ce comportement pervers des prix, qui augmentent en dépit des conditions du marché et d'autant plus que le taux de croissance est faible, combiné au manque de réactions du capital face à l'augmentation de la demande effective et du chômage, constitue ce que l'on a l'habitude d'appeler la 'stagflation'- un phénomène que l'on considère comme un des dérèglements majeurs des mécanismes du marché qui caractérisent la crise actuelle.⁹⁶

Along with economic "stagflation," Murphy observes that "in 1973 African, Asian, and Latin American states rallied behind the oil producers"⁹⁷ within the forum of the United Nations. A desire for collective action emerged among Third World countries when 77 UN

⁹⁶ Giovanni Arrighi, "Une crise d'hégémonie," Ch. 2 dans S. Amin et autres, La crise, quelle crise? Paris: Maspéro, 1982, p. 73

⁹⁷ Craig N. Murphy, Op.cit, p. 248

member-states joined together in their desire to "get a 'fair share' of the world incomes by their own actions rather than by the unproductive route of morally persuading the rich nations for fairer shares."⁹⁸ This group of states became known as the Group of 77. It was understood, among the members of this group, that the best way to bridge the gap between the rich and poor countries of the world was through "collective self-reliance."⁹⁹ The ensuing challenge that the united third world countries presented to the existing hegemonic order culminated into a formal demand for a New International Economic Order (NIEO) in 1975.¹⁰⁰

Looking at the NIEO in retrospect, Cox and Sinclair attempt to elaborate on the answer to the question, "What is the NIEO?" By dividing their answer into 4 "levels" Cox and Sinclair explain the NIEO with the following:

At a first level, the NIEO is a series of specific demands and considerations embodied in an impressive range and number of official documents adopted by international conferences...At a second level, the NIEO is a negotiation process, broadly speaking, between countries of North and South but taking place through a variety of institutions and forums in which are represented wider or narrower ranges of functional and geographic interests...At a third level, the NIEO has precipitated a debate about the real and desirable basic

⁹⁸ Jagdish N. Bhagwati, The New International Economic Order: The North-South Debate, Cambridge, Massachusetts: The Massachusetts Institute of Technology, 1977, p. 6

⁹⁹ Ibid

¹⁰⁰ Even before the NIEO demands surfaced in the 1970's, the total number of Third World countries in the UN General Assembly had already surpassed the total number of members from the North by the year of 1961. Barry B. Hughes, Op.cit, p. 385

structure of world economic relations...Finally, at a fourth level, the debate becomes one about the form of knowledge appropriate to understanding these issues. In effect, the demand for an NIEO has mobilized a fresh challenge to the intellectual hegemony of liberal economics and its claims to an exclusive 'rationality.'¹⁰¹

In challenging the "intellectual hegemony of liberal economics", the demand for an NIEO also threatened to undermine the hegemony of the Free World Order/Pax Americana. We have already discussed the origins of the liberal economic justification for the establishment of that order with our earlier description of the Marshall Plan and the historical circumstances under which the Bretton Woods organizations were created. Thus, at this point, we are interested in supporting our initial arguments by seeing the extent to which the UNDP responded to the NIEO/world order crisis in a manner that was conducive to the protection and preservation of the historic bloc constituting western hegemonic Free World Order or, rather, was able to accommodate the emergence of socially-based development in the poorest countries.

A good example of a particularly Western desire to preserve the hegemonic post-war order is provided by the following passage taken from a report of the Trilateral commission of 1977. Referring to the Trilateral nations of the United States, Japan, and Germany, and describing how these countries can "effectively help in coordinating the activities of various international

¹⁰¹ Robert W. Cox and Timothy Sinclair, Approaches to World Order, Cambridge: Cambridge University Press, 1996, pp. 377-378

agencies," the report states that these states "must be on the watch to assure that the system does not break down as a result of the various tensions and pressures..."¹⁰² As Cox and Sinclair have clearly suggested, when this report emerged in 1977, the primary "tensions and pressure" on the functions of the international system stemmed directly from the Third World's demands for an NIEO.

Referring to the initial response of certain wealthy Western nation-states to the NIEO demands, Bhagwati observes the following:

... the argument that "we cannot allow ourselves to be pushed around and lectured into giving aid to an undeserving, corrupt Third World" has several adherents in fashionable intellectual circles in the United States. This attitude of hostility to the developing countries has been reinforced by the subtle but propagandistic caricaturing of the positions of developing countries in regard to the New International Economic Order by conservatives and neoconservatives alike in the United States.¹⁰³

Hoskins, apparently concurring with Mr. Bhagwati, has also observed the extent to which the wealthiest of the Western nation-states has perceived the NIEO as a direct threat. He explains,

The United States was initially hostile to NIEO demands. This is evidenced by former U.N. ambassadors John Scali describing the collective voice of the Third World as the 'tyranny of the majority' and Daniel Patrick Moynihan suggesting that the Third World is demanding a NIEO because they are enraged

¹⁰² Ibid, p. 390

¹⁰³ Jagdish N. Bhagwati, Op.cit, p. 10

'with the politics of resentment and the economics of envy.'¹⁰⁴

If the most powerful state of the West did indeed perceive the demands for an NIEO as a threat to the post-war hegemonic order, the UNDP faced a dilemma. P.N. Agarwala explains the situation as follows:

Although there is general agreement on the perceived crisis in the world economy today, the NIEO concept of fundamental change is not accepted by all. The United States, for example, believes in the efficacy of mainly remedial changes leading to a better functioning of the present order.¹⁰⁵

Demands of the NIEO and Pressures on the UNDP to Respond to the Crisis

The NIEO climaxed in December, 1974 when the United Nations General Assembly passed the "Charter of Economic rights and Duties of States". The Charter voiced six main goals:

(i) The strengthening of independence of developing countries; (ii) The attainment of wider prosperity among all countries and of higher standards of living for all peoples; (iii) Overcoming of main obstacles in the way of economic development of the developing countries; (iv) The acceleration of the economic growth of economic countries with a view to bridging the gap between developing and developed countries; (v) The Creation of conditions which further expansion of trade and intensification of economic co-operation among all nations and (vi) Peaceful coexistence, no attempt to seek hegemony and spheres of influence and respect for human rights and fundamental freedoms.¹⁰⁶

¹⁰⁴ Linus A. Hoskins, The New International Economic Order: A Bibliographic Handbook, Washington DC: University Press of America, Inc., 1982, p. 40

¹⁰⁵ P. N. Agarwala, The New International Economic Order: An Overview, New York: Pergamon Press, UNITAR, 1983, p. 336

¹⁰⁶ Linus A. Hoskins, Op.cit, p. 21

While purely economic issues apparently occupied a prominent position within the above NIEO demands, the specific demand for "higher standards of living for all peoples" indicates the strong presence of social issues raised by these demands. A focus on specific Third World problems such as malnutrition, infant mortality, health and education might be required to reach these higher standards. Without first satisfying the basic needs of those populations, long-term economic stabilization goals could be difficult to achieve in the South because the majority of the population risks effective exclusion from any possible benefits resulting from "improvements" in Southern economies.

While researching for the United Nations Institute for Training and Research (UNITAR), P.N. Agarwala published The New International Economic Order: An Overview in which he stated that the "cultural and social issues involved in the establishment of the NIEO are multiple and complex. Employment, education, and health issues are not lateral to economic growth but give it its real content."¹⁰⁷ Mr. Agarwala explained further that, within the context of the NIEO, the discourse of social development must prevail:

Our first concern is to redefine the whole purpose of development. This should not have to be to develop things but to develop man. Human beings have basic needs: food, shelter, clothing, health, education. Any process of growth, that does not lead to their fulfillment is a travesty of the idea of development.¹⁰⁸

¹⁰⁷ P. N. Agarwala, Op.cit, p. 116

¹⁰⁸ Ibid, p. 117

While some of the extended, detailed NIEO proposals call for such measures as the "cancellation of public debt of developing countries", fairer terms of trade and the "improvement of food aid programmes,"¹⁰⁹ the specific demands outlined in the Charter of Economic Rights and Duties of States have been interpreted very differently by the countries of the North than by those of the South. As one author has observed,

The NIEO is characterized by a heterogeneity of goals. Developed countries are primarily interested in the balance of international power and ecological protection. For developing countries, the goals with the highest priority are those related to development, industrialization, and elimination of poverty.¹¹⁰

Subsequently, the UN agency that seemed to possess the highest capacity to respond to those demands, however they may have been interpreted, was the UNDP. The UNDP's 1975 Annual Report, apparently trying to find some common ground on which to begin addressing the NIEO demands, begins with the following quote from the Consensus Resolution of the Seventh Special Session that broadly summarizes those demands: "...the over-all objective of the new international economic order is to increase the capacity of developing countries, individually and collectively, to pursue their development."¹¹¹

¹⁰⁹ Linus A. Hoskins, Op.cit, pp. 22-23

¹¹⁰ P. N. Agarwala, Op.cit, p. 126

¹¹¹ UNDP Annual Report- 1975, Op.cit, p. 3

Revealing the extent to which the UNDP was seen as the most appropriate organization to meet the challenges of the NIEO, the same 1975 UNDP annual report notes that

In fact, all countries- rich and poor -joined in the consensus resolution of the General Assembly's Seventh Special Session, which stated in part "The resources of the development institutions of the United Nations system, in particular the United Nations Development Programme, should also be increased."¹¹²

In the years following 1975, the NIEO evolved into something more than a set of specific demands or a notion of "collective self reliance", it became a protracted process producing conflicting development proposals with the common aim of resolving the world order crisis.

There were clearly great expectations on the part of the Third World that the NIEO would bring about a fundamental change in the existing order.¹¹³ The UNDP was selected as the main international forum for debate and action in the area of development. However, even when both the North and the South had agreed to confront the issue of change and/or compensation on the "neutral" playing field of the UNDP, this IGO failed to adequately respond to the third world's real demands for fundamental change. Instead, through ideology and consensual means of regulation, the UNDP effectively avoided any real change

¹¹² Ibid, p. 80

¹¹³ Jagdish N. Bhagwati, Op.cit, p. 6

as the organization revived a discourse favoring the preservation of the interests of the hegemonic post-war order.

Response; Programmes, Target Groups

Representing the UNDP's initial reaction to the world order crisis of the early 1970's and the NIEO, the basic alteration to the original mandate was plainly stated in the 1975 UNDP Annual Report as follows: "In contrast to past emphasis on inputs, technical cooperation should be seen in terms of output or the results to be achieved."¹¹⁴ The new mandate also specified that "Special attention should be paid to the requirements of the least developed among the developing countries."¹¹⁵

In fact, the vast majority of the UNDP's resources did go to the "least developed among the developing countries" between 1975 and 1995.¹¹⁶ However, as our initial argument suggests, we are more interested in knowing what conception of development guided the UNDP's efforts in these countries: social or market-led. Our analysis of the discourse, the language contained within the UNDP annual reports, will demonstrate the extent to which the organization espouses a self-limiting, market-led conception of development.

The UNDP Annual Report of the Administrator for 1978 exemplifies the way in which the UNDP translated the NIEO demands into a need to facilitate and expedite the economically driven

¹¹⁴ UNDP Annual Report- 1975, Op.cit, p. 14

¹¹⁵ Ibid, p. 14

¹¹⁶ UNDP Annual Reports (1975-1994), Op.cit, Section: "Distribution of funds by Region"

process of globalization. Then UNDP Administrator Bradford Morse exposed his organization's market-led conception of development at the very beginning of the 1978 report. An apparently frustrated Mr. Morse stated the following in that report:

I have repeatedly expressed my disappointment with the relatively slow progress being made in negotiations for a new international economic order. At the same time I have emphasized, for this very reason, the urgency of progress in NIEO implementation at the operational level, and have cited UNDP's efforts to expand its project work in such areas as international trade relations, the establishment of producers associations, facilities for the acquisition of technology, enhanced co-operation among developing countries, strengthening the hand of developing countries in their relation with transnational corporations and the improvement of international monetary arrangements.¹¹⁷

While the UNDP administrator may have had the best intentions when he spoke of "strengthening the hand of developing countries in their relations with transnational corporations", the fact remains that the expressed desire to expand "project work in such areas as international trade relations" exposes the UNDP's conception of development to be a market-led conception.

The UNDP administrator's statement about expanding the organization's projects in the area of international trade relations not only points to a market-led conception of development, it also corresponds to Murphy's first dimension of regulation, i.e. that the central task of international

¹¹⁷ UNDP Annual Report of the Administrator for 1978, DP/380, 26 April 1979, UNDP Governing Council's 26th session, agenda item 4, 1979, p. 6

institutions in the postwar order is "fostering industry through the expansion of international markets."¹¹⁸ Early evidence of this can be found in the UNDP's 1978 annual report where various UN and specialized agency heads express their views on the UN's "system to advance NIEO objectives."¹¹⁹ For example, one such agency head working within the UNDP development assistance network claimed that

the promotion of NIEO objectives required above all a better informed public in the industrialized countries on NIEO issues, making them aware of their own long-term interests in the opening of vast new markets...should therefore be a priority of the United Nations system, he wrote, and particularly of UNDP.¹²⁰

Let us now observe the official language of the UNDP as it continues to evolve from 1978 into the contemporary era.

Market-led development is presented as taking place within and subordinate to the process of an interdependent world economy. "Interdependence" is, in the 1970's, tantamount to the globalization process itself. In the 1978 UNDP annual report, the UNDP Administrator states the following:

Certainly every nation, North, South, East, and West, now concedes the realities of interdependence in such areas as trade, finance, technology, food, and health. Each knows of the impact of the technological and financial power of transnational corporations, of the significant role of international banking and of the importance of inter-country flows of every kind. Interdependence can no longer be perceived as

¹¹⁸ Craig N. Murphy, *Op.cit*, p. 42

¹¹⁹ UNDP Annual Report- 1978, *Op.cit*, p. 63

¹²⁰ *Ibid*, p. 65

a peripheral dimension of national policy. It has become an integral part of planning and problem solving for every nation...Development can no longer be viewed strictly as a matter of "foreign aid"...it has become a global process involving a restructuring of fundamental means of economic exchange...¹²¹

Not only does the above passage indicate that the UNDP's orientation is being guided by the "economically driven process" of globalization, but the portion stating that "Certainly, every nation...concedes the realities of interdependence..." is a clear example of Murphy's second dimension- the means of regulating an existing world order.

As opposed to such coercive means as colonialism, this post-W.W.II IGO can be seen as regulating the existing world order with more consensual means. We recall that Murphy refers to a specific example of consensual means as "mobilizing international support for the governments of developing countries."¹²² Hence, the UNDP administrator's statements have, thus far, indicated both the tasks and the means with which the UNDP has helped to regulate the existing order.

Before considering the implications of a UNDP that seeks to promote and facilitate the various processes of globalization, let us observe another example of the kind of discourse that the UNDP engaged in publicly as its reaction to the first world order

¹²¹ Ibid, p. 7

¹²² Craig N. Murphy, Op.cit, p. 42

crisis continued to evolve. Observe the following passage, again taken from the 1978 UNDP Annual Report,

...as I have stressed before, with a growing body of expert economic literature which traces the primary source for economic growth to "technical change" leading to an increase in effectiveness in the use of productive resources and to economies of scale. Although it cannot be contended that the experience of the industrialized countries has direct application to the developing countries, one eminent economist has said that his research in this respect indicates that up to 90 per cent of all economic growth among today's developed countries was in fact attributable to such factors...The process of global restructuring will require increased technical transfers of a highly sophisticated kind.¹²³

Even if the UNDP Administrator concedes that the path of the developed nations may not be applicable to the developing countries, a more important consideration is whether the UNDP should be directing its resources towards facilitating this "process of global restructuring."

Interpretation of UNDP Discourse; Indicators of Development

We recall that, at the time of its creation in 1965, the UNDP's mandate was an extension of the preamble to the Charter of the United Nations. Specifically, because of its focus on "technical assistance," the UNDP was the arm of the UN which was "determined to employ international machinery for the promotion of the economic and social advancement of all peoples...¹²⁴ "

¹²³ UNDP Annual Report- 1978, Op.cit, p. 9

¹²⁴ <http://www.undp.org>- September 15, 1996

As early as 1982 the UNDP began to claim progress in terms of what it apparently considered to be the most appropriate indicators of development. For example, the UNDP Report of the Administrator for 1982 stated the following:

There has been a steady improvement in the human condition. The record of three short decades is a triumph of history, due in substantial measure to an unprecedented international co-operative effort. The figures speak for themselves. From 1950 to 1980 the share of developing countries in world industrial output rose from 5 to 20 per cent. Developing countries as a group increased their gross domestic product five-fold, their industrial output 10-fold, their gross capital formation almost 12-fold...Structural changes in developing country economies have been particularly significant.¹²⁵

After reading this passage, it becomes clearer that UNDP does in fact seem to equate an increase in economic growth with development.¹²⁶

The danger of an institution, as powerful as the UNDP that promotes such a market-led discourse is well summarized by Marin Khor, a Malaysian economist who refers to the undesirable aspects of globalization with the following statement:

At its heart is the notion that the unfettered operation of the so-called free market will in some magical way solve all of our social problems. And yet many of us working at the grass roots believe it is precisely because of this approach- which is

¹²⁵ UNDP Annual Report of the Administrator for 1982, *Op.cit*, pp. 3-4

¹²⁶ In fact, the UNDP uses a quantitative, economic formula called the Indicative Planning Figure (IPF) to determine which countries deserve the most assistance. Using the IPF, a country's needs are measured by taking into account "a countries population and per capita gross national product (GNP)." UNDP Annual Report-1993, *Op.cit*, p. 12

fueling the current trend toward globalisation, liberalization, deregulation, and privatization- that we are experiencing such increases in poverty, inequity, and social disintegration.¹²⁷

If the critical analysis laid forth above by Mr. Khor is correct, and if the UNDP's development efforts following the 1975 crisis have been consistently coupled with a discourse parallel to that of globalization, then it becomes clear that the UNDP's capacity to reduce poverty, inequity, and social disintegration are severely limited by the organization's privileging of a market based conception of development.

Effect of UNDP Discourse over Time

Thus, we return to the question concerning globalization that was raised earlier. Is the acceleration of the globalization process a universally beneficial phenomenon? Indirectly, the UNDP provided an answer to this question with its own observation. After enumerating the various successes of UNDP development assistance around the world, the UNDP conceded the following:

...progress has been uneven. The poorest countries in particular have lagged. Output per capita fell during the 1970's in 15 countries of Sub-Saharan Africa. For the estimated 100 million to 200 million men, women and children of the world who still know the ravages of hunger and malnutrition, the pain, the fear and the suffering are no less intense than they were thirty, two hundred or a thousand years ago.¹²⁸

¹²⁷ "Choices" The Human Development Magazine, Vol. 4, No. 1, New York: UNDP Division of Public Affairs, 1995, p.6

¹²⁸ UNDP Annual Report of the Administrator for 1982, Op.cit, p. 5

A limitation of the UNDP's market-led approach is uncovered with the introduction of the above passage. The organization's self-limiting development approach is highlighted when we recall the alterations made to the UNDP's mandate in response to the NIEO/world economic crisis. We observed earlier that one of those changes specified the UNDP's intentions that "Special attention should be paid to the requirements of the least developed among the developing countries."¹²⁹

Certainly, one cannot make the claim that the rising levels of world poverty are necessarily the UNDP's fault. However, at this point, it is necessary to seriously question the UNDP's development efforts during those years between 1975 and 1982. If the UNDP was supposed to pay "special attention" to the poorest countries from 1975 onwards, then how is it that the UNDP itself admitted that many of those very countries had not improved or were even worse off in 1982 than they were in 1975?

Orienting Projects in a Restrictive Way

To explain this paradox, let us now observe the evidence of a UNDP that consistently demonstrates a market-led conception of development after the 1975 crisis. Whereas some of the discourse we examined in step 3 of this case-study could be characterized as an assertion of the "means" of regulation, in terms of responding to the crisis and the Third World's demands for an NIEO, the UNDP's discourse evolves into a more open praise of its

¹²⁹ UNDP Annual Report- 1975, Op.cit, p. 14

market-led development projects. This is especially the case as the crisis approaches its apparent resolution in the latter half of the 1980's when the organization's cooptation of neo-liberal "rationality" drives its development efforts.

Before the apparent resolution of the crisis, in the UNDP Annual Report of the Administrator for 1983, the Administrator advertised the following:

...UNDP also works closely with its agency partners. To cite one example, in several Asian and Pacific countries, the Programme's field offices have assisted agency representatives in bringing together public and private sector officials with potential investors from abroad...in China, a five-day seminar brought 400 potential investors from 24 countries and territories, mostly from Western Europe, North America, Hong Kong and Japan...¹³⁰

The above example of UNDP development assistance at work was described specifically by the UNDP administrator as a "good example of the way in which UNDP field offices can work to gain additionality and complementarity of development resources at the country level."¹³¹

Following the statements made by the UNDP Administrator in 1984, the subsequent year of 1985 witnessed Bradford Morse's exit from that leadership position within the UNDP. UNDP Administrator Morse was officially replaced by William H. Draper III in 1986. However, before leaving the UNDP, Mr. Morse left us with some words that further indicate a market-led organization in terms of

¹³⁰ UNDP Annual Report of the Administrator for 1983, Op.cit, p.11

¹³¹ Ibid, p. 11

a discourse that validates the "economically driven process" of globalization. The departing UNDP Administrator stated the following in praise of those countries that had been receiving development assistance from the UNDP:

...the international community appears to be entering a new and constructive policy environment stimulated largely by evidence of the substantial efforts being made by developing countries to manage their economic difficulties in these demanding times. If the global economy itself remains turbulent, this emerging policy environment could be characterized as 'business-like.'¹³²

The apparently disproportionate emphasis that the UNDP's development assistance efforts had given to *economic* difficulties was again overshadowed by the UNDP's own observation of worsening conditions in some of the world's poorest countries. Before leaving office, UNDP Administrator Bradford Morse stated the following:

Indeed, sub-Saharan Africa's worsening condition greatly occupied international policy attention in 1984, placing urgent demands on UNDP's resources and underscoring the need for renewed programming efforts throughout the United Nations system. The severity of the situation requires no elaboration here.¹³³

After indirectly admitting the UNDP's failure in the above passage, the UNDP Administrator called for increased efforts to further what he called "the fundamental task of reactivating affected African economies."¹³⁴ However, the UNDP administrator

¹³² UNDP Annual Report of the Administrator for 1984, *Op.cit*, p. 5

¹³³ *Ibid*, p. 5

¹³⁴ *Ibid*, p. 6

failed to address the possibility that the very "business-like" policy environment, that the UNDP had been actively encouraging with financial and philosophical support, may have been limiting the UNDP's efforts to the extent that the human condition actually worsened in many countries. As the UNDP's own administrator observed, those marginalized countries did not benefit from these market-led development efforts.¹³⁵

In view of the UNDP's apparent failure to reduce poverty in regions such as sub-Saharan Africa, it is not unreasonable to have expected some sort of change in the UNDP's conception of development following Bradford Morse's departure as UNDP administrator. However, his successor continued to uphold a market-led conception of development whose discourse further paralleled that of globalization.

In his first "message from the Administrator" William H. Draper III displayed this market-led conception when he stated that "Countries the world over are moving to unleash the dynamism of private enterprise as a stimulus to growth and UNDP cannot fall behind the people it serves."¹³⁶

Mr. Draper's goals for increased UNDP support of private sector activities seemed to be realized in the following year. The "Administrator's statement" of that year proclaimed the following:

¹³⁵ Daniel Leblanc. "Le post-fordisme et la marginalization des pays les moins avancés: la reaction des acteurs économiques et institutionnels dominants à la crise du fordisme," M.A. Thesis, University of Ottawa, 1995

¹³⁶ UNDP Annual Report- 1985, Op.cit, p. 3

Many governments have expressed interest in improving their climate for private sector activity and investment. UNDP can assist by providing expertise to advise on issues such as tax laws, pricing policies and industry licensing procedures. In Africa, UNDP is responding to appeals for private sector development, with a regional programme that provides advisory services for training in marketing, management, and related activities.¹³⁷

It is also worth noting the UNDP's emphasis on how the governments themselves, of the recipient countries, had specifically requested assistance in "improving their climate for private sector activity and investment." Recalling our discussion of Murphy's 3 dimensions of regulation, the above passage would suggest that the "consensual means" of regulating the existing order had been successfully employed.¹³⁸

The selected passages we have observed from UNDP annual reports, thus far, have only begun to expose the extent to which the UNDP adheres to a market-led conception of development. The passages we are about to present from the annual report of 1987 represent, perhaps, the most emphatic display yet of a UNDP whose market based conception of development has been informed by the discourse of globalization. The UNDP Administrator stated the following in that 1987 annual report:

UNDP has devised policies to help governments provide an environment that will stimulate private enterprise. It has supported the streamlining of licensing procedures to build industry and has helped shape policies for

¹³⁷ UNDP Annual Report- 1986, Op.cit, p. 2

¹³⁸ Craig Murphy, Op.cit, p. 42

encouraging private investment and exports.¹³⁹

Directly paralleling Murphy's earlier mention of "fostering industry through the expansion of international markets,"¹⁴⁰ this is yet another example of the tasks of regulating an existing order.

Apart from further revealing the UNDP's tasks of regulation, the administrator explains that he and his staff at the UNDP had chosen "Creating a Better Climate for Private Enterprise"¹⁴¹ as the theme of the UNDP's 1987 annual report. Mr. Draper then goes on to explain that they had "selected a number of examples from around the world which illustrate what UNDP has already done to help governments unleash the private sector for development."¹⁴²

Let us observe some of these "examples from around the world" that the UNDP included in its annual report. In Africa, the report explains that

(the) UNDP has financed a study implemented by the World Bank which examined all state-owned enterprises in Ghana. It made recommendations concerning which ones should be restructured or sold. This research has been instrumental in providing the government with major policy-making material for its privatization and restructuring plan...¹⁴³

The UNDP's efforts in Ghana represent another clear example of its claim to be "mobilizing international support for the

¹³⁹ UNDP Annual Report- 1987, Op.cit, p. 2

¹⁴⁰ Craig Murphy, Op.cit, p. 42

¹⁴¹ UNDP Annual Report- 1987, Op.cit, p. 2

¹⁴² Ibid, p. 2

¹⁴³ Ibid, p. 5

governments of developing countries" and thus represents Murphy's second dimension of regulation, i.e. the means of regulating the existing world order. As the report explains:

"The main thrust of UNDP assistance is aimed at strengthening the government's ability to plan, manage and monitor the economy and carry out its programme of structural adjustment."¹⁴⁴

One good example of how this IGO's poverty eradication efforts are self-limiting, when UNDP sponsored projects benefit international capital and thereby help intensify the globalization process, is found in Mali. There, after the UNDP stated in its 1987 Annual Report that the "UNDP offers technical and financial assistance for gold exploration"¹⁴⁵ in the third world, the report describes the organization's work more specifically:

Utah international, a major United States gold and mining company, was identified as an investor for the Syama region (Mali)... Financial analysis indicates that final investment, after successful completion of exploration, might exceed \$100 million. This UNDP-supported project is continuing to work on the Misseni and Benaso findings to prepare the ground for other potential investors.¹⁴⁶

As is also demonstrated in the above passage, the organization advertises the fact that the "UNDP helps identify foreign and local investors for a wide range of projects"¹⁴⁷ and that "successful industrial projects attract foreign

¹⁴⁴ Ibid, p. 5

¹⁴⁵ Ibid, p. 13

¹⁴⁶ Ibid, p. 13

¹⁴⁷ Ibid, p. 13

investors."¹⁴⁸ UNDP projects such as these would seem to be very effective in economic terms. However, as our argument suggests, this type of market-led development is restrictive because it neglects questions of poverty for those who are marginalized by increased economic growth as well as by the "economically driven process" of globalization.

In the 1987 Annual report, the UNDP confirmed an example of this IGO's tendency to measure development in purely economic terms. In the section of the report labeled "**Results: Africa**,"¹⁴⁹ the UNDP concedes that along with some limited economic restructuring "progress" in countries such as Ghana, "Many more countries found themselves with limited room to maneuver as their primary commodity earnings fell sharply, their terms of trade worsened, and their debt levels rose to finance basic imports."¹⁵⁰

Following the UNDP annual report that chose "Creating a Better Climate for Private Enterprise" as its theme, the evidence of market-led UNDP development conceptions/actions accumulates in the 1988 Annual report. In the report's initial section, consistently reserved for the message from the administrator, the UNDP administrator explained the following:

In cooperation with countries which are interested, UNDP continues to broaden its contribution to private sector initiatives. In 1988, Resident Representatives in 80 countries mobilized nearly 200 meetings which

¹⁴⁸ Ibid, p. 12

¹⁴⁹ Ibid, p. 18

¹⁵⁰ Ibid, p. 18

sparked an exchange of ideas between government decision-makers and private sector executives. The discussions explored ways in which government policies and regulations could liberate, rather than impede, private economic enterprise and entrepreneurship within the framework of national policy.¹⁵¹

This emphasis on private sector initiatives makes it explicitly clear that the UNDP's market-led conception of development had not only been maintained into 1988, its influence on UNDP policies and projects had actually increased.

The steadily increasing fervor with which the UNDP began to advertise its own market-led development efforts towards the end of the 1980's would suggest that the NIEO crisis was approaching its resolution. Accordingly, the UNDP's discourse seemed to parallel that of those who have had faith in the logic behind the "triumph" of neo-liberalism and the "exclusive rationality" of economics.¹⁵²

What kind of effect has UNDP's support of market-led development had on over-all development assistance? To offer one possible answer to that question we may observe an article written by former Canadian federal cabinet minister David MacDonald. After explaining that conditions in Africa have been steadily worsening as "Africa has slipped even farther," Mr. MacDonald goes so far as to say that "Meanwhile, transnational corporations are emerging as dominant players, controlling the

¹⁵¹ UNDP Annual Report-1988, Op.cit, p. 1

¹⁵² Robert Cox and Sinclair, Op.cit, p. 378

pace and scope of development and globalization in Africa."¹⁵³

Regardless of the validity of Mr. MacDonald's assertion, the fact remains that Africa appears to have missed out on whatever benefits the proponents of the globalization process may portend.

It is necessary to ask whether the "main thrust" of UNDP development efforts in countries such as Ghana should be aimed almost exclusively at privatization, restructuring, etc. Does structural adjustment, financial integration, and privatization necessarily translate into a reduction in poverty?

In a recent survey of Sub-Saharan Africa, The Economist explained the following:

The sins of western economists have been those of omission more than commission. In advising governments to try to add value to agricultural commodities and to give priority to agricultural exports, they tended to overlook the fact that more than two-thirds of Africans still live on the land, most of them on subsistence farms.¹⁵⁴

This observation represents only one example of how the globalization process can translate into the marginalization of some of the world's poorest populations.

In light of growing world poverty and possibly because of reduced over-all funding,¹⁵⁵ the UNDP itself has recently expressed the opinion that economic growth does not necessarily result in an improvement in the human condition. This

¹⁵³ David MacDonald. "Canada snubs UN over Africa aid Review," Montreal Gazette, September 17, 1996

¹⁵⁴ The Economist, "A Survey of Sub-Saharan Africa," September 7, p. 11

¹⁵⁵ Reduced voluntary contributions to the UNDP will be further discussed in Chapter 4 on p. 86-87

qualification of UNDP official discourse is found, however, in the Human Development Report. Published for the first time in 1990, the UNDP Human Development Report (HDR) is the substantive symbol of UNDP's emerging need and desire to redefine itself as world poverty continues to grow. Speaking about how the "UNDP intends to deliver solid analysis and understanding of what sustainable human development entails" in the 1993 UNDP annual report, the message from the administrator James Gustav Speth included the following words about the Human Development Report:

The Human Development Report (HDR) is UNDP's leading contribution in this area to date. The HDR and its Human Development Index, published annually since 1990, have shown conclusively and quantitatively that there is no automatic link between a rising GDP and human well-being. These analyses have focused attention on people as the centre of development. In addition, the HDR has launched a powerful critique of past development cooperation and international policies- in such areas as trade, debt,...and the use of expatriate experts- that have tended to undermine much of the benefit of international assistance.¹⁵⁶

Indeed, from the above passage, it would appear that the UNDP has found its proper direction in terms of wanting to change its "misguided" conceptions of the past. More specifically, as mentioned above, the HDR's redefinition of development placing "people first" has resulted in a considerable challenge to the market-led conception of development and the enveloping process of globalization.

¹⁵⁶ UNDP Annual Report- 1993, Op.cit, p. 5

It may be helpful to understand the launching of the Human Development Reports as a conscious attempt by the UNDP to offer a corrective discourse. Corrective in terms of a public counterbalance to what may have been interpreted by some as an excessive and ineffective concentration on principles and projects that see economic growth as development. If we look at the Human Development Reports from this perspective, effectively as a supplementary public relations tool of the UNDP, then it becomes easier to understand how the organization can correct the often overtly market-led discourse contained within the official annual reports; while, simultaneously, projects furthering the economically driven process of globalization continue to receive generous amounts of UNDP funding.

To offer an example of how the UNDP's Annual Reports maintained a market-led development discourse, while the Human Development Report simultaneously asserted a corrective discourse, the Annual Report of the administrator for 1990 claimed the following:

Past experience shows that over-centralization of economic and political decision-making and over-planning - in short, too much intervention and top-down governance - can stifle human initiative and positive social and political change. It can also be detrimental to economic productivity and economic growth.¹⁵⁷

Again in 1990, as is displayed in the above passage, the UNDP appears to have a constant preoccupation with deregulation,

¹⁵⁷ UNDP Annual Report- 1990, Op.cit, p. 2

privatization, and economic growth as the means to the end objective of development.

Moreover, in spite of the corrective discourse found in the Human Development Reports, the 1992 UNDP annual Report stated the following:

Tourism promotion, enterprise development and urban environmental management are the key components of the largest government-executed programme UNDP supports in Ghana. With \$3.6 million, UNDP is supporting the newly established Central Region Development Commission (CEDECOM) in creating an enabling environment for private investment.¹⁵⁸

By advertising such blatant examples of market-led development programmes in the "Results: Africa" section of the 1992 UNDP annual report, the organization leaves little room for doubt that its practices are still driven by a market-led conception of development.

Finally, there is a small organizational detail which complements our argument that particularly Western influences spawn a market-led development discourse which biases UNDP assistance activities. This is the amount of UNDP funding that is allocated to international experts who help execute the UNDP-funded projects. Examples of the consistently exorbitant amounts of funding spent on these "experts" are not limited to the early years of UNDP operation. As a specific example, one UNDP annual report documents that, from the 1985 UNDP programme expenditures totaling \$571.7 million, "Nearly half of the total went for

¹⁵⁸ UNDP Annual Report- 1992, Op.cit, p. 26

International Experts."¹⁵⁹ The report specifies that at least 65% of these "experts" were from the wealthy industrialized nations and only about a third were from the developing countries.¹⁶⁰

Conclusion

We now have a clearer understanding of exactly how the UNDP reacted to the 1975 economic crisis and the calls for a New International Economic Order. As the evidence of increasing poverty in Sub-Saharan Africa reveals, the UNDP's market led-conception of development seems to have restricted the organization's capacity to eliminate or even reduce poverty in the poorest recipient countries.

The UNDP's reaction to the 1975 crisis represents the first missed opportunity point for the forces of change to redefine the UNDP's role. As part of the institutional framework of a particular historic bloc of a specific world order, the UNDP reacted to the NIEO in exactly the way it was designed to react to such a crisis. Seeing that the interests of the leading Western states of the Free World Order/Pax Americana were potentially threatened by the NIEO crisis, the UNDP responded accordingly by promoting and funding development projects that either protected or advanced the economic interests of those leading states. The institution itself identifies with its mission- as the administrator put it:

My effort as (UNDP) Administrator is to ensure that our work is of such quality as to

¹⁵⁹ UNDP Annual Report- 1985, Op.cit, p. 5

¹⁶⁰ Ibid, p. 5

be, in the words of the Secretary-General,
'both respected and consistently used for the
practical purposes of an accepted world
order.'¹⁶¹

¹⁶¹ UNDP Annual Report of the Administrator- 1978, Op.cit, p. 15

Chapter 4- A Second Chance- Crisis and Opportunity for the Free World Order after the Cold War.

Robert Cox has asserted that critical theory, or the historical dialectic approach,

crosses the threshold of the present from past to future. Its mode of reasoning moves from an appraisal of the forces that have historically developed to interact in the present, towards an anticipation of the points of crisis and the real options for the future...It approaches the problem of Multilateralism as a problem in the making of a new world order.¹⁶²

The Free World Order/Pax Americana meets its second crisis with the end of Cold War bipolarity in 1990. The crisis allows us to ask whether the UNDP took an historical opportunity point for change to redefine its role, or rather, used the situation to consolidate its market-led discourse and praxis.

Again we find an explanation for the UNDP's market-led development efforts by referring back to our initial arguments. The dissolution of the Soviet Union presented a situation of great uncertainty in terms of Western geopolitical interests as well as an opportunity for Western economic interests. The UNDP responded accordingly- as part of the institutional framework of the historic bloc of the Free World Order/Pax Americana- in a manner conducive to the preservation and advancement of those economic and geopolitical interests.

¹⁶² Robert Cox, "Multilateralism and World Order," Review of International Studies, vol. 18, no 2, April, 1992, p. 180

The Second Crisis

Following the collapse of the Soviet Union, the emergence of the Commonwealth of Independent States (CIS) and Former Soviet Republics (FSR) highlighted the second major world order crisis of the Free World Order/Pax Americana.¹⁶³ Laux observes that:

Western governments' immediate support to the fledgling democratic governments in the East was based on a shared belief that assistance could avert their return to authoritarianism and discourage revival of Soviet hegemony.¹⁶⁴

Indeed, as our understanding of the Cold War revealed in chapter 1, the Soviet Union had constructed an alternative historic bloc following the second World War that was in direct opposition to the interests of the Free World Order.¹⁶⁵ While the potential for that opposing, communist order to return apparently menaced the West, its absence simultaneously presented an unprecedented opportunity for the expansion of the Free World Order into a new region of the world. Laux cites the response of a former U.S. Secretary of State to the crisis with an accurate representation of the dualistic interests initially motivating Western assistance:

Then Secretary of State James Baker did not mince words: 'the unraveling of the centralized Soviet state confront[s] the West with great opportunities as well as ominous dangers...these dangers serve as a call to action...Here is what the west must do...we

¹⁶³ Ibid, p. 164

¹⁶⁴ Jeanne Kirk Laux. "From South to East? Financing the Transition in Central And Eastern Europe." Chapter 8 in M.A. Molot and H. Von Riekhoff, Canada Among Nations 1994 - A Part of the Peace. Ottawa: Carleton University Press, 1994, p. 173

¹⁶⁵ Please see page 25.

must pursue a diplomacy of collective engagement... to crystallize this coalition, the President proposes that we begin by holding a coordinating conference.'¹⁶⁶

Calls for Multilateral/UNDP Response to the Crisis

In a statement issued by the Group of Seven (G-7) at the Tokyo Summit in 1993, the leaders of the wealthy industrialized countries stated that "the UN, which is vital to maintaining international peace and security, must be further strengthened, adapting itself to the changing international circumstances."¹⁶⁷ And, specifying as to what some of the "changing international circumstances" were, the G-7 leaders explained the following:

We reaffirm our support for the reform efforts in the countries in transition including the Central and Eastern European Countries, the Baltic States and Mongolia, based on the principles of help for self-help and partnership. The success of their reform and their full integration into the world economy are essential to world peace and stability.¹⁶⁸

As the author of "Reform, Reintegration, and Regional Security: The Role of Western Assistance in Overcoming Insecurity in Central and Eastern Europe," Jeanne Laux, has observed, "the beginning of coordinated rather than purely bilateral assistance" can be traced back even earlier to the 1989 economic summit of

¹⁶⁶ Jeanne Laux, *Op.cit*, p. 176

¹⁶⁷ Tristan Mage, Tokyo G-7 Summit: 7-9 July 1993, A Summit subject to crisis and pressures, Tome I, Université de Paris: Paris, 1993, p. 236

¹⁶⁸ Ibid, p. 239

the G-7, in Paris.¹⁶⁹ The author describes the initial assistance efforts with the following:

The first emergency programme, known as Phare or 'Poland and Hungary: Assistance for Restructuring Economies' was immediately supported by all twenty-four member states of the OECD. Their senior experts met three times over the summer and fall of 1989, organized into five working groups (e.g., food aid; investment; access to Western markets) to assess means and coordinate national commitments.¹⁷⁰

Phare may be seen as the catalyst for what has clearly become a *multilateral* response to the crisis. In fact, in Poland and Hungary, the multilateral organizations' assistance far surpasses that of any other single state donor.¹⁷¹ These organizations include Bretton Woods institutions such as the World Bank and the International Monetary Fund, as well as other Western institutions such as the Organization for Economic Cooperation and Development, the European Bank for Reconstruction and Development, the European Coal and Steel Community, and the European Investment Bank.¹⁷²

With the collapse of the Soviet Union and the emergence of new states in the region, the UNDP was seen as, if not the central agency, as a definite part of the multilateral

¹⁶⁹ Jeanne Laux, "Reform, Reintegration and Regional Security: The Role of Western Assistance in Overcoming Insecurity in Central and Eastern Europe." Canadian Institute for International Peace and Security; Working Paper no. 37, 1991, p. 7

¹⁷⁰ Ibid, p. 7

¹⁷¹ Ibid, p. 46

¹⁷² Ibid, p. 46

institutional framework that had been designed to respond to just such a crisis.¹⁷³

UNDP Response; Funding, Programmes

By continuing to observe the official publications of the UNDP from the time of the crisis through the present, it is possible to determine more precisely whose interests have been served by the multilateral efforts to preserve the existing world order.

In 1989, the UNDP Annual Report contained no clear statement of UNDP plans for development assistance efforts in this particular region of the world. The report of 1990, however, made specific mention of UNDP efforts in this area. In the "Report From the Administrator" section of the 1990 report, UNDP Administrator Draper explained that, "In Poland and other countries in Eastern Europe, UNDP helped ease the transition to a market-oriented economy by providing world-class consultants and economic advisors."¹⁷⁴ The UNDP's work in helping with the expansion of international markets and thus "maintaining a stable balance of military power" is perfectly consistent with an international institution's tasks of regulating the existing order.¹⁷⁵

As the UNDP began to officially operate in the East by 1990, with a somewhat slower reaction than the G-7 response or that of

¹⁷³ UNDP Annual Report- 1994-1995, Op.cit, p. 24

¹⁷⁴ UNDP Annual Report- 1990, Op.cit, p. 2

¹⁷⁵ Craig Murphy, Op.cit, p. 42

the OECD, the UNDP was still in the process of admitting some of the newly formed countries into its programme in 1992. Thus, without making any formal changes to its mandate, the UNDP had expanded its development assistance efforts in 1992 to include almost an entirely new region of the world under "recipient status." In the annual Report of the Administrator for that year, Administrator Draper explains:

Thirteen countries- Armenia, Azerbaijan, Belarus, Estonia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, the Republic of Moldova, the Russian Federation, Turkmenistan, Ukraine and Uzbekistan- became recipients of UNDP assistance in 1992. Seven others- the Czech Republic, Georgia, the Slovak Republic, Slovenia and Tajikistan- received recipient status in 1993. In close coordination with the United Nations, UNDP is supporting their efforts in the complex transition to market economies.¹⁷⁶

Clearly, the UNDP's intentions paralleled those of the OECD in terms of their mutual efforts being aimed towards "economic transformation" of what were once centrally planned economies into market economies.

We must ask the question: Do these efforts reveal a socially-based or a market-led conception of development?¹⁷⁷ Reflecting on which organization may lead the development-assistance community into the future, Marie-Claude Smouts, makes

¹⁷⁶ UNDP Annual Report- 1992, *Op.cit*, p. 6

¹⁷⁷ In general, assistance figures are dubious. For example, Laux observes the following: "When scrutinized, this assistance, like overseas development aid before it, comes under critical fire. There is conflation and inflation of the figures. To call interest bearing loans and, more so, marketing and investment incentives to Western enterprises, 'assistance' stretches the imagination." Jeanne Laux, *Op.cit*, p. 11

the claim that "si le PNUD a encore de l'autorité, c'est parce qu'il a réformé ses structures et sa doctrine dans un sens plus conforme au néolibéralisme ambiant."¹⁷⁸ By seeing the UNDP as conforming to neoliberalism, it would appear that Smouts views the UNDP's assistance as leaning more towards the market-led conception of development.

Supplying evidence in support of this view, the UNDP Administrator announces the UNDP's intentions "to mobilize resources for UNDP's assistance to countries in transition in the region" in coordination with the World Bank and the International Monetary Fund among other multilateral organizations in 1993; and, when describing the results of this strategy, he explains how "Activities which attracted substantial funding include privatization, development of small and medium-size enterprises, emergency assistance and management development."¹⁷⁹

The same 1993 UNDP annual report section, referring to "Results: Europe and the Commonwealth of Independent States, begins with the following statement which suggests a strong commitment to humanitarian assistance:

In 1993, the region had to deal with an exceptional number of emergencies requiring humanitarian assistance from the United Nations, including UNDP: natural disasters in Belarus, Kazakhstan, Kyrgyzstan and Ukraine, and rehabilitation and reconstruction in Countries in the Caucis, Tajikistan and the former Yugoslavia.¹⁸⁰

¹⁷⁸ Marie-Claude Smouts, "Les Organisations internationales et l'inégalité des Etats," Revue internationale des sciences sociales, No. 144, juin-1995, p. 268

¹⁷⁹ UNDP Annual Report- 1993, Op.cit, p.24

¹⁸⁰ Ibid

While the above UNDP opening statement would lead us to believe that large amounts of UNDP funding were flowing into social development and such priorities as "humanitarian assistance" in the region in 1993, the UNDP's own data reveals otherwise.

The same 1993 report presents a pie chart that divides UNDP field Expenditures by development sector within the region of Eastern Europe and the CIS (See Appendix 1). Out of \$11.4 million UNDP dollars, only \$0.9 million was reserved for "Humanitarian Assistance and Disaster Management & Social Development." Only \$0.3 million was applied to the sector labeled "Population, Human Settlements & Health." The vast majority of the funding went to development sectors such as "Transformation & Communications & Information" (\$1.3 million) and "Industry & Trade and Development" (\$1.9 million) as well to "General Development Issues" (\$4.0 million).¹⁸¹

The 1993 UNDP administrator himself seemed to openly endorse the organization's support of advancing western economic interests through globalization when he wrote the following:

The cold war is over and demilitarization gives us an unprecedented opportunity to refocus energies and resources on development... What we can do today with technology- properly deployed and managed- is also extraordinary. Added to this are major opportunities that have arisen through the globalization of markets...¹⁸²

¹⁸¹ Ibid
¹⁸² Ibid, p. 1

A concrete example of how and where the UNDP "properly deployed and managed" its resources and energies" is found in projects such as the WAN. Describing a UNDP funded project that received funding from the dollars allocated to the "Transformation & Communications & Information" sector, the report explained the following:

To assist countries of Central and Eastern Europe and the Commonwealth of Independent States (CIS) in making a transition to market economies and democracy, UNDP created a network of country offices that provide advisory and programme development services. UNDP also established a satellite-based Wide Area Network (WAN) to link 11 countries to the region and strengthen communications among its offices. The WAN is now operational in seven countries. Funding is being sought to extend the system to nine other countries.¹⁶³

It becomes clear that sectoral funding for such elaborate telecommunications projects as this one, intended for the purpose of facilitating the "transition to market economies," take priority over the development sectors of humanitarian aid, social development aid, and the fight against poverty.

Rather than focusing on the regulation of the existing order in the third world, this second case-study concentrates more on the application of a market-led development discourse utilization to expand that order to include Eastern Europe, the CIS, and the FSR's; thereby securing Western geopolitical interests with the establishment of a free-market economy in the region.

¹⁶³ Ibid, pp. 24-25

UNDP's Conception of Development

The UNDP's conception of development appeared to be no less market-led in the (1990-1996) contemporary period than it was between 1975 and 1989. The UNDP used a specific set of indicators when determining whether a country is developed or not, as detailed in the following passage from the 1993 Annual Report,

An internationally agreed formula- known as the Indicative Planning Figure (IPF)- is used to decide on how to share these core resources among programme countries. This formula takes into account a country's population and per capita gross national product (GNP). Additional criteria favour countries that face the greatest geographic disadvantages, such as land-locked countries or economic difficulties, such as high debt-service costs and deteriorating terms of trade. Based on this formula, each country is assigned a national IPF, which is an advance estimate of UNDP assistance available over a five-year period.¹⁸⁴

With the exception of "geographic disadvantages", measuring a country's level of development in terms of such purely economic indicators as GNP per capita, debt service costs, and terms of trade clearly confirms the UNDP's conception of development as a market-led conception. Hence, there is no difference between our analysis of the organization in case-studies 1 and 2 in terms of how the UNDP measures development.

¹⁸⁴ UNDP Annual Report- 1993, Op.cit, p. 12

Effects: More Private Sector Oriented Programmes and a Potential Shift in Regional Focus.

More Private Sector Oriented Programmes

Having presented the UNDP's indicators for measuring development, as well as some examples of UNDP programmes and expenditures in the region of Eastern Europe and the CIS, we may now focus on the effect of the UNDP's reaction to the specific world order crisis of the collapse of the U.S.S.R. In order to accomplish this aim, we may now observe some more discursive and quantitative evidence regarding the UNDP's development assistance efforts in the CIS, Eastern Europe, and FSR region of the world.

What is the UNDP's own description of some of its specific development efforts in the region? Clearly, encouraging privatization is a priority:

Since its inception in 1991, UNDP has been supporting the Central and Eastern European Network (CEEPN), which houses a data base of experts in the region who can be tapped to share experiences and information on privatization. The membership count, now 27, includes experts from nearly all the CIS countries.¹⁸⁵

This priority coincides with that of other multinational organizations, such as the World Bank, with which the UNDP works closely to expand the breadth of its own development assistance efforts in the region.¹⁸⁶ What type of "assistance" do these other organizations provide to the region of Eastern Europe and the CIS? Laux describes the World Bank's orientation:

¹⁸⁵ UNDP Annual Report- 1994-1995, Op.cit, p. 24

¹⁸⁶ UNDP Annual Report- 1993, Op.cit, p. 24

The World Bank endorsed early on in the reform process the report by its economist Manual Hinds who in dismissing all previous reform attempts under state planning, argued that successful reforms depended on a full commitment to "the introduction of market forces...centered on large scale privatization of means of production." These financial institutions have not hesitated to transfer their practice of placing policy conditions on Third World lending to a new setting. In approving Structural Adjustment Loans (SALs) to Poland and Hungary, the Bank's Executive Directors specified among their conditions that a certain share of state-owned enterprises be privatized.¹⁸⁷

While it may go too far to call the UNDP a tool of the World Bank, the UNDP has worked consistently with the World Bank on numerous projects in various regions of the World. Cooperating and coordinating directly with institutions that openly place conditions on development assistance clearly creates limits for the potential impact of UNDP funding to assist Eastern European and the CIS; or any other region of the world for that matter. And, as Laux observes, "Conditionality does not appear merely pious but has become integral to the West's inter-governmental consultation process."¹⁸⁸ While the UNDP does not openly admit to any sort of "conditionality" of its own assistance, its direct cooperation with institutions such as the World Bank is indicative of a restrictive development assistance practice at best.

¹⁸⁷ Jeanne Laux, Op.cit, pp. 17-18

¹⁸⁸ Ibid, p. 18

The final (1994-1995) UNDP annual report in our analysis is consistent with the growing trend of supporting increasingly private sector programmes as the means with which to "develop" the East. For example, observe the discourse within the section of this UNDP report entitled "Growth of the private sector in Romania,"

After its 1989 revolution, Romania, like many former socialist countries, witnessed the mushrooming of small and medium private enterprises...UNDP, jointly with the UN Industrial Development Organization, has been advising the government in the design of policies to remove red tape and encourage the growth of more small and medium businesses.¹⁸⁹

Consequently, complementing the textual evidence of UNDP's market-led development philosophy and practices in the East, the 1994-1995 annual UNDP report revealed both a change in the labeling of its development sectors and the minimal priority given to social issues. Whereas the 1993 annual report listed two separate sectors which divided the sector of "health" from "education & employment,"¹⁹⁰ the 1994-1995 report consolidates these social development issues into a *single* sector. And, when listing the "UNDP Field Programme Expenditures by sector" in the 1994-1995 UNDP annual report, the organization revealed that the newly consolidated sector entitled "Health, Education, Employment" received only \$2.1 million while the combined sectors of "Industry, Science & Technology, Transport, Trade &

¹⁸⁹ UNDP Annual Report- 1994-1995, Op.cit, p. 25

¹⁹⁰ UNDP Annual Report- 1993, Op.cit, p. 24

Development" and "General Development Issues" were allocated a total of \$7.8 million (US\$).¹⁹¹ Certainly, projects in the "Health, Education, Employment" sector would tend to have a more immediate, direct impact on issues of *poverty* than would "Industry," "Trade," etc.. However, based on the UNDP's apparent adherence to the logic of economic neoliberalism, as illustrated in both its programme bias and discourse, there is little doubt that the UNDP has spread its market-led development practices into the East much to the neglect of poverty issues.¹⁹²

A Potential Shift in UNDP's Regional Focus

Further revealing evidence of particularly western interest in "assisting" the transition of the CIS/FSR region, the UNDP's "Estimate of Field Programme Expenditures by Region" indicated that the amount of funding for Eastern Europe and the CIS increased to \$15.3 million in 1994-1995.¹⁹³ That level of funding is more than quadruple the amount that the UNDP estimated for the same region in 1993 (\$2.3 million).¹⁹⁴ The exponential increase in funding for the region of Europe and the CIS in 1994-1995 falls on the heels of a dramatic decrease in *over-all* western

¹⁹¹ UNDP Annual Report- 1994-1995, Op.cit, p. 24

¹⁹² Some authors, such as B. Milanovic in "A Cost of Transition: 50 million New Poor and Growing Inequality," *Transition. The World Bank Newsletter about Reforming Economies*, Vol. 5., No. 8, (1994), pp. 1-4 and Klaus Nielsen in "Institutional Dynamics in Post-Communist Economic Transformation: Choice and Redirection of Strategy," have studied the impacts of market-led development strategies in Eastern Europe and concluded that "The adoption of neoliberal strategy has lead to numerous difficulties... it produced an unexpectedly deep recession which dramatically increased inequality and reduced living standards for the majority of the population." Marguerite Mendell and Klaus Nielsen, *Europe: Central and East*, Vol. 6, Montreal: Black Rose Books, 1995, p. 144

¹⁹³ UNDP Annual Report- 1994-1995, Op.cit, p. 34

¹⁹⁴ UNDP Annual Report- 1993, Op.cit, p. 15

government donations to the UNDP in 1993. To offer some illustrations of the governments who have actually reduced their over-all voluntary contributions to the UNDP, Canada lowered its contributions from \$51.6 million in 1992 to \$41.4 million in 1993. Sweden's contributions dropped from \$122.9 million to \$70.7 million. The United Kingdom's contributions during the same time period went from \$55.3 million to \$44.9 million, France's from \$60.6 million to \$50.0 million, and Italy dropped its contributions to the UNDP from \$64.7 million to \$24.9 million.¹⁹⁵

As evidence of the overall impact of these national decisions to decrease funding, former senior UNDP official Ruben Mendez made the following statement in 1995:

The need for additional and alternative sources of funding is urgent...If the Programme of Action agreed upon at the Social Summit has to rely again on the moralizing and voluntary contributions of rich nations, it will suffer the same fate as the Earth Summit and other UN mega-conferences. It is time to make an intellectual quantum leap, and to look beyond the nation-state for new, innovative and independent transnational sources of funds.¹⁹⁶

Whatever solution the UNDP may find,¹⁹⁷ the fact remains that UNDP funding dramatically increased for the region of

¹⁹⁵ UNDP Annual Report- 1992, *Op.cit.*, p. 24 & UNDP Annual Report- 1993, p. 14

¹⁹⁶ "Choices," *The Human Development Magazine*, Vol. 4, No. 1, New York: UNDP Division of Public Affairs, 1995, p. 17

¹⁹⁷ Among the suggestions for such "alternative sources" of funding, is the "Tobin Tax" and a newer version of the Tobin Tax called the "FXE". The "Tobin Tax" would tax every foreign exchange transaction by one half per cent thereby discouraging speculation while simultaneously generating revenue for development funding. The "FXE" would generate revenue in a similar fashion by placing licensing and user fees on individuals/organizations who carry out such transactions. *Ibid*, p. 16

Eastern Europe and the CIS immediately after over-all Western donations to the UNDP significantly decreased in 1993. By expanding the 'pie' to include an ever widening 'slice' for the UNDP's new "recipient status"¹⁹⁸ world region, while over-all western contributions are falling, the UNDP's regional allocation of funding comes into question. Could the funds allocated to Europe and the CIS be used more effectively to fight poverty in the more needy third world countries?

Indeed, the intensified focus of the West on aiding Europe and the CIS was viewed by some members of the international community as being a form of "aid diversion". In her article "From South to East? Financing the transition in Central and Eastern Europe," Jeanne Laux accurately puts this reaction well into perspective with the following observation:

Third World concerns intensified as the full impact of the collapse of the Soviet economy, both as a market and a supplier for major Third world countries, began to be felt. Assistance to the post communist countries, they argued, put the welfare and the stability of the South at risk...¹⁹⁹

Although the third world's reaction may seem exaggerated, the Ottawa Citizen published an article entitled, "Sub-Saharan Africa faces food crisis, UN says" that suggests otherwise.

¹⁹⁸ UNDP Annual Report- 1992, Op.cit, p. 6

¹⁹⁹ Jeanne Kirk Laux. "From South to East? Financing the Transition in Central And Eastern Europe." Chapter 8 in M.A. Molot and H. Von Riekhoff, Canada Among Nations 1994 - A Part of the Peace. Ottawa: Carleton University Press, 1994, p. 181

Referring to a report from the UN's Food and Agriculture Organization, the article reads as follows:

In a report released in Nairobi, the agency said about nine million people face food shortages in East Africa alone. The report said Africa's minimum food needs would not be met in 1996-97 due to competition for aid from Eastern Europe.²⁰⁰

Finally, from autumn of 1996 through the winter of 1997, the Western world has witnessed a sustained crisis in Central Africa as massive starvation and civil war has engulfed millions of refugees from Rwanda and Zaire. So far, the West has failed to offer an effective response to that crisis. The images of malnourished children in the region have become common place on the evening news broadcasts in the West.²⁰¹

The inadequate Western response to this refugee crisis reflects the current configuration of security priorities for the West. For example, it has been widely reported that "NATO is expected to invite Poland, Hungary and the Czech Republic, all former Warsaw Pact countries, to join during a summit of NATO leaders in Madrid in July."²⁰² Apparently preoccupied with the expansion of the North Atlantic Treaty Alliance (NATO) into Eastern Europe, the Globe and Mail observes the weak response of Western states to the crisis in Central Africa: "The region (Sub-Saharan Africa) poses no immediate security threat to any of them

²⁰⁰ Ottawa Citizen, "Sub-Saharan Africa faces food crisis, UN says," p. A6, May 30, 1996

²⁰¹ <http://www.cnn.com/> February 17, 1997

²⁰² <http://www.cnn.com/WORLD/9702/19/albright.cfe/index.html>, February 19, 1997

(Western States). The economic interests that sometimes compel decisive action are lacking."²⁰³ Going on to explain the Western position, the newspaper notes that "U.S. officials say that African problems are best solved by Africans."²⁰⁴

While there may be little solid evidence that UNDP's own funding has been "diverted" from the third world and redirected towards the region of Eastern Europe and the CIS, the evidence presented in this chapter leaves little room for doubt that Western governments' assistance to the region is considered indispensable to safeguarding western economic and geopolitical interests; even at a time when over-all contributions to the UNDP were falling.

Conclusion

After observing efforts to expand the post-war hegemonic order to the East, we have witnessed the second missed opportunity point for the UNDP to redefine its role in the face of a changing world order. Only, instead of third world demands for a New International Economic Order, the UNDP's crisis in this *second* case was the collapse of the Soviet Union and the subsequent emergence of the Commonwealth of Independent States and the Former Soviet Republics. And, as opposed to the UNDP's response to the NIEO where the organization acted mainly to protect Western interests, the second crisis represented more of

²⁰³ Globe and Mail, "West wary of Africa intervention: Previous debacles, lack of interest slow response to refugee crisis," Paul Knox, November 9, 1996

²⁰⁴ Ibid, November 9, 1996

an opportunity to expand the Free World Order/Pax Americana into the East. Thus, the UNDP has demonstrated an unquavering commitment to both protect and advance Western interests as it responds to world order crises.

Chapter 5- The UNDP from a Broader Perspective

A Macro-view of the UNDP's Development Assistance Activities

Although the UNDP proclaims the globalization process as a universally beneficial phenomenon, as James H. Mittleman explains:

For large numbers of people, there is no hint of a new world order or upward mobility in a changing division of labor. Rather, life is marked by a deepening divide between rich and poor. The mosaic of globalisation reflects a transformation of poverty in which three continents were most adversely affected by globalisation to the marginalisation primarily of a single world region and of enclaves in other regions.²⁰⁵

Exposing some contradictory statements in its publications, the UNDP itself eventually seemed to agree with Mittleman's basic premise; as we observed in the UNDP Human Development Reports that have repeatedly stressed the fact that there is no automatic link between economic growth and human well being.²⁰⁶

In an apparent contradiction of UNDP practice and UNDP preaching, the most recent UNDP annual Report in our analysis stated the following in reference to its "sustainable human development" work in Africa:

There was also renewed emphasis on stimulating the private sector, with a focus on small and medium enterprises. Some 27 projects representing total investments of \$29 million were completed during 1994.²⁰⁷

²⁰⁵ James H. Mittleman, *Op.cit*, p. 440-441.

²⁰⁶ *UNDP Annual Report- 1993, Op.cit*, p.5

²⁰⁷ *UNDP Annual Report- 1994-1995, Op.cit*, p. 6

The above passage offers us an opportunity to appreciate how UNDP's development assistance projects, such as those described above in the world's poorest region, continue to be so blatantly market-led as recently as 1994-1995.

Contradictions

Hence, we now engage in a more macro-perspective view of the organization in order to reconfirm the trend of UNDP's words contradicting UNDP actions world-wide. Saying that "A world without want is in our grasp," the UNDP Administrator wrote the following:

Yet the problems we must overcome in order to reach that ideal are daunting: growing poverty and joblessness; persistent inequities in the distribution of opportunities and resources, both among societies and within them; a breakdown of the social fabric in many countries; violence and discrimination against women; environmental degradation and plundering of the planet's natural resources; tremendous population pressures, and the globalization of problems, including migration, drugs, and disease.²⁰⁸

While the UNDP administrator delineates the above examples of poverty, discrimination against women, environmental degradation, drugs, and disease as specific problems to overcome before securing "a world without want," the amount of UNDP funding that has gone to these development sectors in the 1990's did not match that of projects devoted to sectors such as industry and communications.

²⁰⁸ UNDP Annual Report- 1992, Op.cit, p. 1

The contradictions within the 1994-1995 annual report were no less prevalent than those found in earlier reports. The message from the Administrator from the 1994-1995 Annual Report, echoing the intentions recorded in previous reports, stated that the UNDP's executive board approved a "plan to add greater focus to our work, so that more resources could be devoted to eradicating poverty, creating jobs and livelihoods, empowering women and regenerating the environment."²⁰⁹

The total world-wide "UNDP Core" expenditures for 1992 totaled \$1,026.8 million. Of that amount, only \$56.8 million went to the UNDP labeled sector of "Health", only \$54.4 million went to "Population, Humanitarian Aid, Human Settlements", and a meager \$30.7 million was spent on "Education". So, how much was spent on the sector the UNDP labeled as "Industry"? A disproportionate \$98.2 million UNDP dollars were spent on the single sector of "Industry" and \$74.9 million was spent on "Transportation and Communications."²¹⁰

The most recent confirmation of this trend is found in the world-wide "Estimate of Expenditures by Sector of Trust Funds and Programmes Administered by UNDP" for 1994-1995. The Annual report for this period documents that only \$10.1 million was set aside for "Health, Education, and Employment."²¹¹ This figure stands in stark contrast to the \$24.2 million that flowed into the

²⁰⁹ UNDP Annual Report- 1994-1995, Op.cit, p. 1

²¹⁰ UNDP Annual Report- 1992, Op.cit, p. 25

²¹¹ UNDP Annual Report- 1994-1995, Op.cit, p. 35

"Industry, Transport, Trade & Development, Science & Technology" sector.²¹²

Based on the disproportionate amount of UNDP funding allocated to Industry, Trade, etc., this IGO's global effort to "eradicate poverty" has been clearly restricted by its institutionalized obligation to advance western economic interests.

How Contradictions can Translate into Times of Transition between World Orders

So how can we explain so many contradictions within the UNDP's contemporary discourse and development assistance practices? To find an answer to that question we refer back to our earlier discussion on the transition points between world orders. The apparent inability of the UNDP to ameliorate the contradictions generated by the global socio-economic power structure of the Free World Order/Pax Americana is suggestive of the emergence of a new world order.

As Cox has observed,

the elements of opposition to the socially disruptive consequences of globalization are visible. The question remains open as to what form these may take, as to whether and how they may become coherent and more powerful, so that historical thesis and antithesis may lead to a new synthesis. In this context, Multilateralism will become an arena of conflict between the endeavor to buttress the freedom of movement of powerful homogenizing economic forces, and efforts to build a new structure of regulation protecting diversity and the less powerful.²¹³

²¹² Ibid

²¹³ Robert Cox, "Multilateralism and World Order," Op.cit, p. 177

The UNDP reflects just such an "arena of conflict" in terms of its own contradicting indicators of development, for instance.

Whatever form the emerging new world order may take, there is little room for doubt that the existing order is in a period of transition. It is also clear that, as part of the institutional framework of the Free World Order/Pax Americana, the UNDP is apparently losing its ability to disguise the contradictions that the power-structure of this particular historic bloc has generated.

Conclusion

Our initial puzzle raised the question- why is world poverty rising, in spite of the vast resources being poured into multilateral development assistance? This question was restated to permit a substantive analysis: What kind of "development assistance" does the UNDP provide to developing countries and who benefits from that assistance? Our answer is now clear. As our analysis has indicated, the UNDP is part of the institutional framework of the historic bloc of the Free World Order/Pax Americana. To preserve the interests of the West, the UNDP has had an institutionalized obligation to regulate and uphold that order by validating a market-led discourse promoting- first export led growth, then "interdependence" and now- globalization. While the UNDP may claim to fight poverty, the eradication of

poverty is an elusive goal that has been marginalized by the organization's market-led conception of development.

The implications of this approach are very serious. How does the average hungry child in Mali benefit from UNDP projects that assist foreign companies in their search for gold? The answer is clear and simple, she does not. If our endeavor disturbs some and sparks a debate about the nature and direction of multilateral assistance, then our politico-normative assessment will not have been conducted in vain.

Whereas many potentially philanthropic western citizens may accept the persistence of world poverty as something that the United Nations is "working on," the evidence presented in this thesis should awaken those citizens to the fact that the UNDP's achievements in the area of attacking world poverty are less than acceptable.

As the epistemology of critical theory dictates, this research has not been objectively neutral. It has been a politico-normative assessment of a particular socio-economic power-structure. While looking at the UNDP's development assistance efforts by asking why and for whom, one answer to the puzzle motivating the arguments is now available.

Consistent with the tenets of critical theory, this thesis has uncovered the existence of those who are marginalized by the dominant discourse. While seeking an answer to the aid/poverty paradox, we have had the further intention of preventing the

dissolution of emancipating possibilities for those who are being marginalized. Rather than trying to convince our readers of the (im)possibility of the arguments becoming a perfectly neutral observation of an imperfect world, we have permitted ourselves to become active participants in the continual process of transforming the composition of our socially constructed reality.

After reading this thesis, theoretical and practical "realists," perhaps even within the UNDP, might say that it is very easy to criticize this organization. They may also ask "what would be the first step, should we decide to approach the world poverty problematic differently?" or "what has this research done to make development assistance work better?"

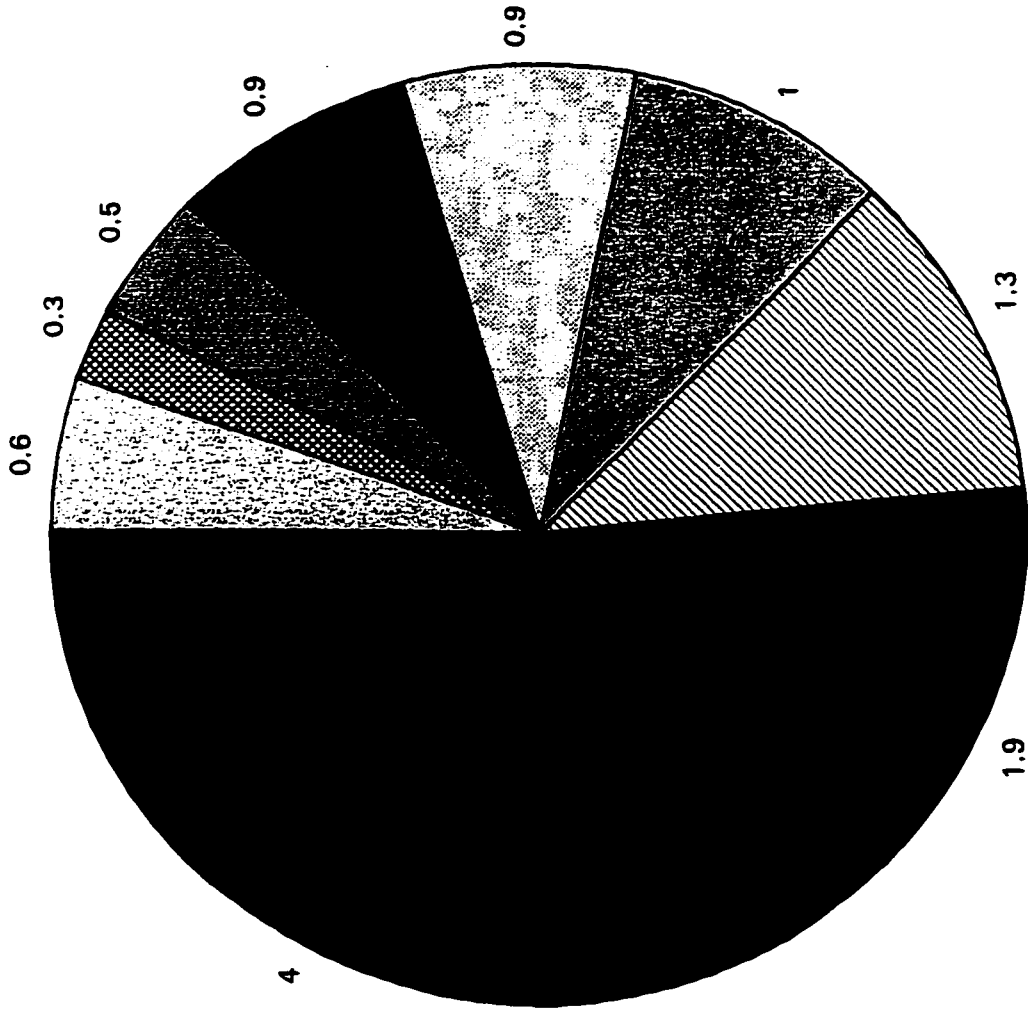
While, "better" is a subjective term, the one thing we can all agree upon is that the reality of growing world poverty is worsening by the minute. Yes, this research has gone so far as to say, openly, that the UNDP has failed its mission thus far. More importantly, however, the thesis has shown a specific, historically rooted limitation of the UNDP's market-led philosophy and practices.

After more than 30 years, the guiding principles of the "globalizing" free market economy have not brought the starving masses into the light of salvation from the sorrows of poverty. While the market-led approach has not punished them purposefully, it has passed them by in pursuit of a dead-end development path.

Recognizing this reality is the first step of a new approach to the poverty problematic.

"Europe and the CIS: UNDP Field Programme Expenditures by Sector"

Total = (\$US) 11.4 million



- 0.6 Other sectors
- 0.3 Population, Human Settlements & Health
- 0.5 Agriculture, Forestry & Fisheries
- 0.9 Humanitarian Assistance and Disaster Management & Social Development
- 0.9 Environmental, Natural Resources & Energy
- 1 Education and Employment
- 1.3 Transformation & Communications & Information
- 1.9 Industry & Trade and Development
- 4.0 General Development Issues

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