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The American University in Cairo

School of Global Affairs and Public Policy

**THE PENDULUM OF DEVELOPMENT:
FROM “THE END OF HISTORY” TO “MAKE POVERTY HISTORY”**

A Thesis Submitted to the

Department of Law

**in partial fulfillment of the requirements for the degree of
Master of Arts in International Human Rights Law**

By

Abby El-Shafei

June 2017

The American University in Cairo
School of Global Affairs and Public Policy
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THE PENDULUM OF DEVELOPMENT:
FROM ‘THE END OF HISTORY’ TO ‘MAKE POVERTY HISTORY’

Abby El-Shafei

Supervised by Professor Usha Natarajan

ABSTRACT

Poverty has been a central focus of development since the 1960s.¹ Despite a marked decrease in poverty worldwide,² the incidence of poverty remains high; where one in ten people live under the international poverty line of \$1.90 a day.³ In light of the persistence of poverty, international efforts to “make poverty history”⁴ have been pursued. Neoliberalism is an economic policy characterized by state retrenchment, free trade, market liberalization, deregulation, privatization, commercialized social programs, and foreign investment.⁵ Since its triumph over communism, neoliberalism marked “the end of history.”⁶ This thesis examines poverty reduction and neoliberalism in the context of international development in order to illustrate how poverty is perpetuated through international policies of inclusive neoliberalism. Much like a pendulum, international development has oscillated between efforts to reduce poverty to the advancement of neoliberalism. The primary concern of this thesis is how poverty is sustained through international poverty reduction strategies that implicitly employ the tenets of neoliberalism in the pursuit of development. More specifically, this thesis illustrates the tension that is created when the logic of neoliberalism collides with the logic of inclusion as contained in poverty reduction strategies. There is a paradox whereby poverty reduction strategies deployed by international development institutions work against their purported aims when implicitly employing the tenets of neoliberalism. This thesis employs a Gramscian and Neo-Gramscian framework whereby the poor can be examined simultaneously alongside the overarching neoliberal hegemony that is complicit in their abject poverty. Assessing inclusive neoliberalism through a Gramscian framework offers a gateway to analyzing the determinants of existing structural global imbalances that sustain poverty. The thesis is argued through case studies of microfinance and conditional cash transfers internationally followed by a consideration of their application in Egypt. This thesis argues that, as tools of inclusive neoliberalism, these two initiatives

¹ Martha Finnemore, *Redefining Development in the World Bank* in Packard, *International Development and the Social Sciences: Essays on the History and Politics of Knowledge*, Frederick Cooper & Randall M. Berkeley, University of California Press, (1997).

² *Global Monitoring Report 2015/2016: Development Goals in an Era of Demographic Change*, US, World Bank Publications (2016).

³ World Bank, *Poverty and Shared Prosperity 2016*, available at <http://www.worldbank.org/en/publication/poverty-and-shared-prosperity>

⁴ A global anti-poverty campaign that aims to reform trade laws, cancellation of debt, and provide more and better aid. I use the campaign title to illustrate the extent of the global commitment to ending poverty.

⁵ Alejandro Grimson, *The Making of New Urban Borders: Neoliberalism and Protest in Buenos Aires*, *Antipode* 40(4), 504–512, (2008).

⁶ Coined by Francis Fukuyama in *The End of History*, *National Interest* 16, at 3-18, (1989).

undertaken to reduce poverty have instead reinvented ways to integrate the poor into the world market.

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I. Introduction

*The evidence in this Report suggests that rapid and politically sustainable progress on poverty has been achieved by pursuing a strategy that has two equally important elements. The first element is to promote the productive use of the poor's most abundant asset labor. It calls for policies that harness market incentives, social and political institutions, infrastructure, and technology to that end. The second is to provide basic social services to the poor. Primary health care, family planning, nutrition, and primary education are especially important.*¹

Development has been a prevailing international orthodoxy since the mid-twentieth century. It has become a prominent feature of international relations because of its teleological power to promise transformations for the betterment of society and its people. Possessing such promise, development has been pursued in a concerted effort by States, international institutions, and civil society. Accordingly, development is a critical component of international law. The dialectic between development and international law has been mutually reinforcing. Following the Second World War, international law has played a critical role in the diffusion of development discourse while development has fostered the expansion of international law.²

Trubek and Santos identify three moments in the history of law and development theory. During its emergence in the 1950s, the primary focus of development was on the “developmental state” driven by modernization theory, whereby law was used as a tool of economic management with the idea that any growth would “trickle down” to the poor.³ In the 1980s, the second moment of law and development discourse, neoliberalism emerged as the dominant view of development under the Washington Consensus.⁴ During this period, market oriented policies emerged to the forefront of the global economy, promoting deregulation, privatization, and minimizing government intervention. The third moment of law and development, embraces an arrangement of the market and the social and human dimensions of development.

¹ World Bank, *World Development Report 1990: Poverty*, Oxford University Press, at 3, (1990).

² Balakrishnan Rajagopal, *International Law from Below: Development, Social Movements, and Third World Resistance*, Cambridge University Press, New York; Cambridge, U.K., at 27, (2003).

³ David M. Trubek & Alvaro Santos, *Introduction: The Third Moment in Law and Development Theory and the Emergence of a New Critical Practice* in David M. Trubek & Alvaro Santos, *The New Law and Economic Development: A Critical Appraisal*. Cambridge, New York: Cambridge University Press, (2006).

⁴ *Id.*

Since its inception international development has been expressed as an international imperative. The United Nations (U.N.) has been determined in its efforts to achieving development, dedicating four international decades to it between the 1960 and 2000. The primary focus of the first three United Nations development decades was economic growth and industrialization. In the 1990s, the first Human Development Report emphasized that people were the real wealth of their nations, marking a new approach to development. At the turn of the millennium, development efforts have been acknowledged most prominently in the Millennium Development Goals and the Sustainable Development Goals. Although, economic growth remains at the center of the development agenda, since its inception development discourse has included but not entirely limited to poverty reduction, education, gender equality, and environment sustainability.

Poverty reduction began to hold primacy on the development agenda fairly recently. The primary concern of this thesis is to analyze poverty reduction strategies in the context of development and the hegemonic neoliberal policies of international institutions. International law is intrinsically implicated in development discourse and, most significantly, in the very mechanisms in which poverty is perpetuated. As Sundhya Pahuja contends, “development is the only language in which the problem of global poverty seems to be thought or addressed in international law and institutions.”⁵ It must be borne in mind that this thesis acknowledges that development and poverty reduction are not synonymous. However so, it is through development discourse that global poverty assumes precedence on the international plane. As argued by Rajagopal, development should be viewed as the “machine” by which the bureaucratization of the international is legitimized, whereby poverty serves as its “incidental point of entry.”⁶ To that extent, international development discourse has been predominately concerned with the management of poverty instead of wealth creation. Although, it is not within the scope of this thesis, it must be borne in mind that the interaction of poverty reduction within neoliberal development takes shape in more fundamental ways than is explored in this

⁵ Sundhya Pahuja, *The Poverty of Development and the Development of Poverty in International Law* in Select Proceedings of the European Society of International Law. Volume 1, (2006). *European Journal of International Law*, vol. 20, no. 3, at 365-373, (2009).

⁶ *Supra* note 2, at 112.

thesis.

The discovery of poverty has roots in the interwar period and the experiences of colonialism and the Mandate System of the League of Nations.⁷ The pervasiveness of poverty cannot be understood independently from the global order that produces and reproduces it. It also cannot be understood in isolation from the political economy and legal order that sustains and legitimizes disproportionate wealth. It is, thus, critical to understand how poverty is produced and maintained in order to develop effective and equitable strategies that are conducive to human and economic development. Moreover, engaging with development discourse provides a historical platform for understanding the contemporary global concerns of poverty.

The purpose of this thesis is to demonstrate that the poverty reduction strategies employed by international institutions in the name of development further perpetuate the crisis of poverty by creating and sustaining the tenets of neoliberalism. This thesis embraces the notion of “development industry”⁸ and argues that poverty reduction has been dominated by the neoliberal policies of the World Bank and the International Monetary Fund. As Rajagopal argues poverty reduction can be considered the *raison d’être* of international financial institutions today.⁹ More significantly, global poverty reduction “is an idea that maps well onto international institutions, global goals, and international trade and finance.”¹⁰ It is for these reasons, that analyzing poverty in relation to the global economic policy and respective international financial institutions is imperative. It should be noted from the outset that this thesis does not assume that the international financial institutions are necessarily “bad” or that their goals and purposes are not significant. Rather in the context of this thesis, the analysis of international financial institutions provides a global perspective of poverty.

⁷ Supra note 2, at 107.

⁸ Mike Powell & David Seddon, *NGOs & the development industry, Review of African Political Economy*, 24:71, at 3-10, (1997). Powell and Seddon state that the IMF and the World Bank in particular have dominated the strategy and lending policies of the development industry. As coined by Graham Hancock, the “development industry” refers to development as functioning like a business. I argue that the IFIs extended tenets of neoliberalism in development discourse and the poverty reduction strategies they support.

⁹ Supra note 2 at 397.

¹⁰ David Hulme, *Global Poverty: How Global Governance is Failing the Poor*, Vol. 44, Routledge, New York, at 137, (2010).

Inclusive neoliberalism is the device through which international institutions embed the neoliberal agenda into their respective international anti-poverty policies. The causes of poverty can be understood as stemming from global structures and policies, whereby “policy levers more fundamentally shape it.”¹¹ The policy levers refer to the interventions, policies, and strategies aimed at reducing poverty. Contemporary efforts to reduce poverty are governed by neoliberal logic. This thesis argues that such poverty reduction strategies are antagonistic to achieving any real strides in the alleviation of global poverty. In this thesis, microfinance and conditional cash transfers are two poverty reduction strategies that are assessed as having contributed to the neoliberal hegemonic order.

The quote at the start of this section reflects the basis for choosing these poverty reduction strategies. First, microfinance attempts to economically empower the poor by providing them with financial services that they previously did not have access to allow them to integrate into the market. Second, conditional cash transfer programs attempt to incentivize the use of basic services by the poor in order to strengthen their human capital in order to ultimately integrate them into the market. I examine the international dissemination and operation of these strategies to explore the likely outcomes of their adoption as poverty reduction strategies in in Egypt.¹²

This thesis engages with three distinct yet intrinsically related international discourses: development, poverty, and neoliberalism. At first, the three may seem isolated, yet the Gramscian and Neo-Gramscian theory of hegemony illustrate ways in which the three harmonize. The objective of this thesis is two-fold. The first is to illustrate how development and its corresponding poverty reduction strategies should be viewed as parts of the apparatuses that maintain neoliberalism. Secondly, and perhaps more significantly, it examines how the destitute become entrenched in conditions of preventable hunger, disease, illiteracy, and impoverishment due to the very international policies aimed at reducing their poverty. A Neo-Gramscian analysis provides an approach

¹¹ Barry B. Hughes, Mohammad T. Irfan, Haider Khan, Krishna Kumar, Dale S. Rothman & José R. Solórzano. *Reducing Global Poverty*, Vol. 1. Patterns of Potential Human Progress series. Boulder, CO, and New Delhi, India: Paradigm Publishers and Oxford University Press, (2009).

¹² Living in Egypt throughout completion of this degree allowed me to see first hand the poverty faced in the country. The daily struggle of poor Egyptians inspired me to assess their condition in relation to the international world order.

to understanding the politics and relations of power that have come to shape the world order. More significantly, a Neo-Gramscian analysis provides an approach whereby the poor can be simultaneously examined alongside the overarching hegemony of neoliberalism that is complicit in their abject poverty. By studying poverty reduction strategies that incorporate the poor through the rhetoric of empowerment and inclusion, the poor believe that they can finally escape their poverty. It must be borne in mind that this thesis does not disregard any of the achievements made towards reducing global poverty. Instead it critically analyzes the foundation on which poverty is sustained and perpetuated, primarily through the strategies that are complicit in its enduring existence.

Development has been pursued since the second half of the twentieth century. Neoliberalism marked the “end of history”¹³ following its triumph over communism. Since then, neoliberalism has prevailed as the common sense way of organizing society. As this thesis will demonstrate, neoliberalism and its basic tenets have become the underlying foundation of strategies employed to “make poverty history.”¹⁴ In this respect, international development has been caught between the goal of making poverty history while implementing strategies that underpin neoliberal policies by employing poverty reduction strategies that work against their purported goals. Chapter Two provides a background and overview of poverty and neoliberalism. In the third Chapter, the Gramscian and neo-Gramscian approaches are described and applied to argue that neoliberalism has surpassed being an ideology and has become hegemonic. As such neoliberalism has hindered efforts of global poverty reduction. The case studies on microfinance and conditional cash transfers will be presented in Chapters Three and Four respectively.

¹³ Coined by Francis Fukuyama in *The End of History*, National Interest 16, 3-18, (1989).

¹⁴ A global anti-poverty campaign that aims to reform trade laws, cancellation of debt, and provide more and better aid. I use the campaign title to illustrate the extent of the global commitment to ending poverty.

II. Contextualizing Poverty and Neoliberalism

The concepts of poverty and neoliberalism are both contested terms and discourses that provide critical parameters for analyzing contemporary issues facing development. They both shared similar historic trajectories, which makes them an interesting terrain of exploration. In Britain and the United States, the discovery of poverty is related to the implications of Keynesianism and the New Deal, respectively.¹⁵ Similarly, the introduction of neoliberalism was brought about due to the threats that the Keynesian state and the New Deal posed to the economy.¹⁶ As argued in this thesis, poverty and neoliberalism function to maintain the current global system, with international institutions and policies structuring and reinforcing the relationship between the two. This chapter provides a contextualization of poverty and neoliberalism, in order to examine how poverty reduction strategies have been underpinned with tenets of neoliberalism.

A) Poverty:

Poverty has been part of the human story for centuries. Since the seventh century BCE, all of the world's major religions recognized the duty to help the poor.¹⁷ Between 1558-1603 Elizabethan poor laws were introduced in England whereby the government and taxpayers accepted their duty to the their poor citizens.¹⁸ Since then, poverty has experienced a few paradigm shifts, including an increase in social spending by European governments during the late nineteenth century and the recognition of an adequate standard of living as a human right in the mid-twentieth century.¹⁹ During the 1960s poverty began to gain prominence as a central component to addressing international development.²⁰ However, it was only in the 1990s that poverty reduction assumed

¹⁵ Supra note 2, at 107.

¹⁶ Kean Birch & Vlad Mykhnenko, *The Rise and Fall of Neoliberalism: The Collapse of an Economic Order?* Zed Books, New York; London; at 3, (2010).

¹⁷ Joseph Hanlon, Armando Barrientos & David Hulme, *Just Give Money to the Poor: The Development Revolution from the Global South*. Kumarian Press, Sterling, VA, at 15, (2010).

¹⁸ *Id.* at 16. In England three categories of poor were distinguished: 1) the deserving poor, 2) the idle poor, and 3) the old and ill.

¹⁹ Supra note 12.

²⁰ Martha Finnemore, *Redefining Development in the World Bank* in Cooper, Frederick, and Randall M. Packard, 'International Development and the Social Sciences: Essays on the History and Politics of Knowledge', (Berkeley, University of California Press, 1997). Rist states Poverty emerged as a theme in development policy in the 1970s. See Gilbert Rist, *The History of Development: From Western Origins to Global Faith*. Zed, New York; London; at 227, (2008).

primacy on the international development agenda.²¹

1. Poverty Defined

Poverty “emerges as a response to hegemonic processes”²² and as a result assumes a plethora of different meanings. Still no one definition sufficiently captures the multifaceted nature of poverty. Jung and Smith regard Adam Smith as one of the earliest contributors to poverty discourse.²³ In 1776, in *The Wealth of Nations* Smith argued that poverty is the inability to afford, “not only the commodities which are indispensably necessary for the support of life but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without”.²⁴ Smith believed poverty to be a relative deprivation in terms of what an entire society believes to be necessary. Since then poverty has been defined in terms of income, food consumption, and capabilities.

The evolution of the definition of poverty is revealing. Sumner argues that the evolution of the meaning of poverty has been shaped in relation to development economics, exhibiting a move from economic welfare in terms of GDP to multi-disciplinary approaches.²⁵ Particularly interested with the relationship between poverty and development, Heffernan and Misturelli conducted a synchronic analysis of 159 definitions of poverty between the 1970s and the 2000s to illustrate how conceptions of poverty have changed both within and between development actors.²⁶ During the 1970s, in which development discourse emphasized on economic growth and modernization,

²¹ David Hulme, *Poverty in Development Thought: Symptom or Cause?* in *International Development: Ideas, Experience, and Prospects*. Oxford University Press, Oxford. (2013). Hulme provides a comprehensive overview of poverty and how it entered the development agenda.

²² Alice Sindzingre, *The evolution of the concept of poverty in multinational financial institutions: the case of the World Bank* in M. Boas & D. McNeill, eds. *Global Institutions and Development: Framing the World?* London: Routledge, at 177, (2004).

²³ Sun Young Jung MSW & Richard J. Smith MFA, MSW *The Economics of Poverty*, *Journal of Human Behavior in the Social Environment*, 16:1-2, at 21-39, (2007).

²⁴ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, at 351-2, (1776).

²⁵ Andy Sumner, *Economic Well-Being And Non-Economic Well-Being: A Review Of The Meaning And Measurement Of Poverty*, Research Paper 2004/030 Helsinki: UNU-WIDER, (2004). Sumner speaks about poverty and well being together.

²⁶ Federica Misturelli & Claire Heffernan, *The Concept of Poverty: A Synchronic Perspective*. *Progress in Development Studies*, vol. 10, no. 1, at 35-58, (2010). A synchronic analysis was used to study linguistic changes over time; in particular the researchers were interested in the linguistic frame for the term poverty. The definitions of poverty were categorized into seven themes: material factors, physical factors, economic factors, political factors, social factors, institutional factors, and psychological factors. The researchers used documents from the World Bank, the ILO, NGOs, national governments, researchers, and other development actors.

poverty was defined in terms of the individual inability to attain basic standards of living.²⁷ The mid-1970s marked a shift to understanding poverty as results of social and institutional factors including lack of education and healthcare.²⁸ During the 1980s, development discourse remained concerned with economic welfare, although poverty was still concerned with material and physical factors including notions of powerlessness, isolation, and vulnerability.²⁹ The purely economic terms of development thinking began to be challenged in the 1990s, marking multidimensional conceptions of poverty.³⁰ Misturelli and Heffernan reported that during this period, the poor emerged as participants of the market and the wider economy.³¹ During the 2000s, the final period of the study, development and poverty took a multidimensional character with an emphasis on rights.³²

At the start of this millennium, definitions of poverty tended to list specific criteria rather than providing an analysis on the causes of poverty.³³ Although, poverty has traditionally been measured in terms of income,³⁴ the destitute have described their poverty in terms of “[lack of] health, nutrition, lack of adequate sanitation and water, social exclusion, low education, bad housing conditions, violence, shame and disempowerment.”³⁵ Paul Spicker identifies twelve definitions of poverty: lack of resources, a pattern of deprivation, limited resources, economic circumstances, standard of living, inequality, economic position, social class, lack of basic security, exclusion, dependency, and moral judgment.³⁶ Lack of mobility and transportation has also been realized as a component of poverty.³⁷ As captured by Spicker, poverty constitutes various factors. The comprehensiveness of such a list signifies that poverty moves beyond

²⁷ *Id.* at 40.

²⁸ *Id.*

²⁹ *Id.* at 43.

³⁰ *Id.* at 44.

³¹ *Id.*

³² *Id.* at 47.

³³ Paul Hunt, *Reclaiming Social Rights: International and Comparative Perspectives*. Aldershot: Dartmouth (1997) & Asbjorn Eide, Catarina Krause and Allan Rosas, *Economic, Social and Cultural Rights: A Textbook*. Dordrecht: Kluwer Academic Publishers, at 31, (1995).

³⁴ Sabina Alkire & Maria E. Santos, *A Multidimensional Approach: Poverty Measurement & Beyond*. *Social Indicators Research*, Vol. 112, no. 2, at 239-257, (2013).

³⁵ *Id.* at 240.

³⁶ Paul Spicker, *Definitions of Poverty: Twelve Clusters of Meaning in Poverty: An international glossary*, at 229-243, (2007).

³⁷ Karen Lucas, *Transport and Social Exclusion: Where Are We Now?* *Transport Policy*, Vol. 20, at 105, (2012).

financial deprivations. Alcock suggests that in order to understand poverty in its entirety, it is vital to recognize how different factors may overlap.³⁸

As was reported by Misturelli and Heffernan, the 1990s marked the recognition of multidimensional conceptions of poverty. In 1993, the UN General Assembly adopted resolution 48/183 “recognizing that poverty is a complex and multidimensional problem with origins in both the national and international domains”.³⁹ In 1995, the United Nations while acknowledging the multi-dimensionality of poverty, defined overall poverty as the:

Lack of income and productive resources to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments and social discrimination and exclusion. It is also characteri[z]ed by lack of participation in decision-making and in civil, social and cultural life. It occurs in all countries: as mass poverty in many developing countries, pockets of poverty amid wealth in developed countries, loss of livelihoods as a result of economic recession, sudden poverty as a result of disaster or conflict, the poverty of low-wage workers, and the utter destitution of people who fall outside family support systems, social institutions and safety nets.⁴⁰

In 1998, poverty was graphically defined by ECOSOC as,

a denial of choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and cloth a family, not having a school or clinic to go to, not having the land on which to grow one’s food or a job to earn one’s living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence, and it often implies living on marginal or fragile environments, without access to clean water or sanitation.⁴¹

The 2000/2001 World Development Report: Attacking Poverty points out that “poverty is as much the lack of opportunity because of inadequate education, nutrition, health or training, or the inability to find a job that can fully reward someone's existing

³⁸ Peter Alcock, *Understanding Poverty*. London: Macmillan, at 4, (1997).

³⁹ Resolution adopted by the General Assembly 48/183. International Year for the Eradication of Poverty, 21 December 1993.

⁴⁰ United Nations, *The Copenhagen Declaration and Programme of Action: World Summit for Social Development 6-12 March 1995*, New York, United Nations Department of Publications, (1995).

⁴¹ Statement of Commitment for Action to Eradicate Poverty Adopted by Administrative Committee on Coordination. Press Release ECOSOC/5759, 20 May 1998.

abilities.”⁴² In its 2010 report, the UNDP published the Multidimensional Poverty Index (MPI) which considers the income measure of poverty with other “overlapping deprivations suffered at the same time” including health, education, and standard of living.⁴³ The Poverty Participatory Assessments conducted by the World Bank confirm that poverty is a complex multidimensional phenomenon, encompassing more than material deprivations in food, housing, and income, and including psychological well-being, powerlessness, marginalization, lack of state provided infrastructure, lack of social and human capital. As emphasized, poverty encompasses far beyond the conventional income deprivations.

Amartya Sen has been influential for his contributions in development and poverty discourses. Sen defines poverty as the deprivation of individual capabilities. He pays particular attention to political freedoms, economic facilities, social opportunities, transparency guarantees, and protective security.⁴⁴ Sen asserts that freedom plays a critical role in the process of development for evaluative as well as effectiveness reasons. He states “freedoms are not only the primary ends of development, they are also among its principal means.”⁴⁵ For development to be successful it requires the removal of “unfreedoms”⁴⁶, one of which Sen asserts is poverty. As Davidson, Myers, and Chakraborty observe, “not only are poor people unable to meet their basic needs for food, shelter, health and education (physical and material needs; institutional factors) they have few or no rights or freedom to improve their position (political factors).”⁴⁷ It is imperative to acknowledge the overlap of factors that contribute to poverty.

Although, the multidimensionality of poverty has been confirmed by an empirical study⁴⁸, poverty is addressed in the perspective of a particular actor. For example, Blank, from the view of economists, notes that poverty is caused due to the absence of markets, the inability to productively participate in the benefits of the markets, contradictions

⁴² Supra note 1.

⁴³ UNDP Multidimensional Poverty Index, view at <http://hdr.undp.org/en/content/multidimensional-poverty-index-mpi>

⁴⁴ Amartya Sen, *Development As Freedom*. New York: Anchor Books, Print, (2000).

⁴⁵ *Id.* at 10.

⁴⁶ *Id.* at 33.

⁴⁷ Joan Davidson, Dorothy Myers & Manab Chakraborty, *No Time to Waste: Poverty and the Global Environment*. Oxford: Oxfam, (1992).

⁴⁸ Partha Gangopadhyay, Sriram Shankar & Mustafa A. Rahman. *Working Poverty, Social Exclusion and Destitution: An Empirical Study*. Economic Modeling, vol. 37, at 241-250, (2014).

inherent in the market, manifestations of political and social processes, individual life choices, and pervasive anti-poverty programs.⁴⁹ This thesis is primarily concerned with how the contradictions of the market and anti-poverty programs produce and sustain poverty.

2. Classifying Poverty: Absolute, Relative, and Overall Poverty

Generally, poverty is defined in either absolute or relative terms. Absolute poverty, as defined by the United Nations, is “a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to services.”⁵⁰ As acknowledged by the UN, absolute poverty encompasses the deprivation of basic needs and access to basic services. Absolute poverty is understood as the minimum resources a person needs to survive. The head-count index (HCI) is the most widely used measure of absolute poverty.⁵¹ The HCI is “the ratio of population living in poor households with consumption expenditure or income below the poverty line to total population.”⁵² As such, the HCI depicts the proportion of the population that is poor.

Conversely, relative poverty defines poverty in relation to the economic status of other members of the society in terms of social equity and inequality.⁵³ Peter Townsend is one of the earliest contributors to the notion of relative poverty.⁵⁴ Townsend

⁴⁹ Rebecca M. Blank, *Selecting Among Anti-Poverty Policies: Can an Economist Be Both Critical and Caring?* Review of Social Economy, vol. 61, no. 4, at 447–469, (2003).

⁵⁰ United Nations, *The Copenhagen Declaration and Programme of Action: World Summit for Social Development 6-12 March 1995*, New York, United Nations Department of Publications, at 57, (1995).

⁵¹ Yujiro Hayami & Yoshihisa Godo, *Development Economics: From the Poverty to the Wealth of Nations*. Oxford University Press, Oxford, at 198, (2005).

⁵² *Id.*

⁵³ Paul Spicker, Sonia Álvarez Leguizamón & David Gordon, *Poverty: An International Glossary*. Comparative Research Programme on Poverty, International Social Science Council, London, England: at 169, (2007).

⁵⁴ Peter Townsend, *Poverty in the United Kingdom: A Survey of Household Resources and Standards of Living*. University of California Press, Berkeley, at 3, (1979). Townsend defines poverty as “Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the type of diet, participate in the activities and have the living conditions and amenities which are customary, or are at least widely encouraged or approved in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns, customs and activities”.

acknowledged poverty to be relative to what is considered customary within a society and added that such deprivation results in social exclusion.⁵⁵

Whereas the measurement of absolute poverty is typical of developing countries, the measurement of relative poverty is more typical of developed countries.⁵⁶ However, since the early 1980s there has been growing unanimity of the use of relative poverty measures over absolute measures due to growing inequality.⁵⁷ The absolute poverty measure has been criticized for not adequately representing the number of persons living in poverty because more people are defined as poor when defined in relative terms in comparison to absolute terms.⁵⁸ Chen and Ravallion indicate that between 1981 and 2008 the total number of relatively poor grew approximately 360 million, while the number of absolutely poor decreased by almost 650 million.⁵⁹ Statistics such as these indicate a discrepancy that occurs when classifying poverty.

3. Measuring Poverty

Poverty is commonly measured in terms of a poverty line. Charles Booth's adopted the "line of poverty" to distinguish those "in poverty" from those "in comfort" during his poverty studies in London in the 1880s.⁶⁰ During the beginning of the 1900s, Seebohm Rowntree coined the term "the poverty line".⁶¹ In order to measure poverty, data on the consumption or income of households, indicating the standard of living, is first collected through household surveys.⁶² Once this data has been collected, it is classified between poor and non-poor groups by determining a threshold value of consumption per household member.⁶³ Those who are classified as poor fall below the household's

⁵⁵ J. H. Veit-Wilson, *Paradigms of Poverty: A Rehabilitation of B.S. Rowntree*. *Journal of Social Policy*, 15, at 69-99, (1986).

⁵⁶ *Handbook on Poverty Statistics: Concepts, Methods, and Policy Use*, United Nations Statistics Division, at 108, (2005).

⁵⁷ Kristian Niemietz, *A New Understanding of Poverty: Poverty Measurement and Policy*, London, Institute of Economic Affairs, at 64, (2011). See Amartya Sen, in *Poor Relatively Speaking* acknowledged an 'emerging unanimity in favour of taking a relative as opposed to an absolutist view of poverty'. (1983).

⁵⁸ Mehmet Odekon, *Encyclopedia of World Poverty*. SAGE Publications, Thousand Oaks, California, at 1, (2006).

⁵⁹ Shaohua Chen & Martin Ravallion, *More Relatively-Poor People in a Less Absolutely-Poor World*. *Review of Income and Wealth*, 59: 1-28, (2013).

⁶⁰ Alan Gillie, *The Origin of the Poverty Line*. *The Economic History Review*, vol. 49, no. 4, at 715-730, (1996).

⁶¹ Howard Glennerster, John Hills, David Piachaud, & Jo Webb, *One Hundred Years of Poverty and Policy*. York: Joseph Rowntree Foundation, at 20, (2004).

⁶² *Supra* note 51 at 196.

⁶³ *Id.*

standard of living.⁶⁴ The poverty line is signified at this cut-off value of consumption, which is the cost of purchasing services at goods at the market.⁶⁵

Many countries have national poverty lines and can range from under USD 1 per person per day to over USD 40.⁶⁶ As evident, national poverty lines can vary significantly, given the way poverty is defined and measured across different nations in terms of national law and policy. The international poverty line used by the World Bank is generated by using the national poverty lines of the fifteen poorest countries and then converts them to a common currency by utilizing purchasing power parity (PPP) exchange rates creates. PPP is based on the law of one price, which recognizes that “identical commodities or goods must have the same price in all markets.”⁶⁷ The PPP puts each country’s income and consumption records in globally comparable terms to ensure that the same basket of goods and services can be purchased with the dollar value from one country to another.⁶⁸ In 1990, the World Bank adopted its first international poverty line of \$1, technically \$1.01 per 1985 PPP.⁶⁹

The international poverty line reflects the cost of living for basic food, clothing, and shelter across the world to track global extreme poverty rates. The poverty line has been called a quintessentially normative concept that distinguishes the poor from the non-poor.⁷⁰ This line is defined as “the estimated minimum level of income needed to secure the necessities of life”⁷¹ and has been highly contested. In October 2015, the World Bank raised the global poverty line to \$1.90 per 2011 prices, up from its previous line of \$1.25.⁷² Deaton argues that the revision of the global poverty line was accompanied by an

⁶⁴ *Id.*

⁶⁵ *Id.*

⁶⁶ Martin Ravallion, *Poverty Lines Across the World*. The World Bank Development Research Group, (2010). These lines are based on the 2005 Purchasing Power Parity.

⁶⁷ Ephraim Clark, *International Finance*, 2nd Edition. Thomson, at 66. (2002).

⁶⁸ <http://www.worldbank.org/en/topic/poverty/brief/global-poverty-line-faq>

⁶⁹ Martin Ravallion, Shaohua Chen & Prem Sangraula, *Dollar a Day Revisited*. The World Bank Economic Review, Vol. 23, no. 2, at 163–184, (2009). See also Martin Ravallion, Gaurav Datt & Dominique Walle, *Quantifying Absolute Poverty in the Developing World*. Review of Income and Wealth, vol. 37, no. 4, at 345-361, (1991).

⁷⁰ Lynge Nielson, *Global Relative Poverty*, International Monetary Fund, at 3, (2009).

⁷¹ David Bach, *1001 Financial Words You Need to Know*. New York: Oxford University Press, Print. Turabian (6th ed.) at 149, (2003).

⁷² Global Poverty Line Update, World Bank Brief September 30, 2015. View at <http://www.worldbank.org/en/topic/poverty/brief/global-poverty-line-faq>

increase in global income inequality.⁷³ As compared to the mean of the consumption per capita of the 15 poorest countries of \$1.25, the mean of the richest 15 countries is \$25 a day.⁷⁴ Ravallion argues that the poverty line is inadequate for it does not account for the rise in living standards.⁷⁵ More significantly, the poverty line does not gauge the depth of poverty experienced by those living under its value. The poverty gap measures the depth⁷⁶ of poverty by analyzing the average distance of the poor below the declared poverty line.⁷⁷

The global poverty line measures the progress of international goals set by the United Nations, the World Bank, and other development institutions. The Millennium Development Goals (MDGs) are a series of eight internationally accepted goals in the pursuit of development, each of which enunciate an aspect of poverty.⁷⁸ The first MDG expressed an imperative to halve the proportion of people living under \$1.25 between 1990 and 2015. This goal was achieved ahead of schedule.⁷⁹

Despite a marked decrease in poverty worldwide the incidence of poverty remains significantly high where one in ten people live under the international poverty line of \$1.90 a day.⁸⁰ In its annual report in 2000, the World Bank announced, “the absolute number of those living on \$1 per day or less continues to increase. The worldwide total rose from 1.2 billion in 1987 to 1.5 billion today and, if recent trends persist, will reach 1.9 billion by 2015.”⁸¹ Hickel argues that using China’s achievement distorts the outcome.⁸² He believes that this achievement is a result of the United Nations focus on proportional numbers rather than absolute numbers and the moving the baseline to 1990

⁷³ Angus Deaton, *Price Indexes, Inequality, and the Measurement of World Poverty*. The American Economic Review, Vol. 100, no. 1, at 6, (2010).

⁷⁴ Martin Ravallion, *Toward Better Global Poverty Measure*. The Journal of Economic Inequality, Vol. 14, no. 2, at 229, (2016).

⁷⁵ *Id.* at 228.

⁷⁶ *Supra* note 57, at 33.

⁷⁷ *Supra* note 51.

⁷⁸ Each of the eight MDGs expresses an aspect of poverty, i.e. education, health.

⁷⁹ *Global Monitoring Report 2015/2016: Development Goals in an Era of Demographic Change*, US, World Bank Publications (2016).

⁸⁰ World Bank, *Poverty and Shared Prosperity 2016*, available at <http://www.worldbank.org/en/publication/poverty-and-shared-prosperity>

⁸¹ Shahid Yusuf, *Entering the 21st Century: World Development Report, 1999/2000*. Published for the World Bank, Oxford University Press, New York, (2000).

⁸² Jason Hickel, *Exposing the great ‘poverty reduction’ lie*. View at <http://www.aljazeera.com/indepth/opinion/2014/08/exposing-great-poverty-reduction-201481211590729809.html>

to include the poverty reduction achieved by China.⁸³ Chen and Ravallion remark that if China is excluded, the total number of people living under the \$1.25 has hardly changed.⁸⁴ Moreover, considering population growth within the MDG time frame, halving the proportion of those living under the poverty line is not an adequate portrayal of the actual number of people living in poverty.

It becomes clear that measuring poverty is comprehensive. While PPP may be helpful when assessing the global economy it has been criticized as an inadequate portrayal of poverty.⁸⁵ The PPP emphasizes the money metric factor of poverty while neglecting the multi-dimensionality of poverty. Moreover, global poverty measures through PPP and the poverty line reinforce the growth narrative of development.

4. Poverty: Alleviation, Reduction, and Eradication

In all policies regarding poverty, there is a distinction to be made regarding the use of concepts such as alleviation, eradication, and reduction. Poverty alleviation indicates the “lessening the intensity of some of the poverty that some people experience.”⁸⁶ Since it disregards the causes of poverty, poverty alleviation is not widely used.⁸⁷ Poverty eradication treats the symptoms of poverty by attacking the causes of poverty so as to remove “all of those causes for all poor people.”⁸⁸ Poverty reduction, like poverty eradication, attempts to attack the causes and symptoms of poverty but is primarily concerned with the speed of management.⁸⁹

At the 1995 World Summit on Social Development in Copenhagen, poverty reduction was recognized as the primary goal of development. In the resulting Declaration and Programme of Action, 117 countries committed to eradicating “absolute” poverty and reducing “overall” poverty.⁹⁰ In 1996, poverty eradication emerged as a global norm in the International Development Goals (IDGs) produced by the OECD

⁸³ *Id.*

⁸⁴ *Supra* note 52.

⁸⁵ Patricia H. Werhane, Scott P. Kelley, Laura P. Hartman & Dennis J. Moberg, *Alleviating Poverty through Profitable Partnerships: Globalization, Markets and Economic Well-being*, Routledge, New York, at 11, (2010).

⁸⁶ David Hulme, *Global Poverty: Global Governance and Poor People in the Post-2015 Era*. Routledge, at 12, (2015).

⁸⁷ *Id.*

⁸⁸ *Id.*

⁸⁹ *Id.*

⁹⁰ *World Summit for Social Development: The Copenhagen Declaration and Programme of Action*. New York: United Nations, 1995. View at <http://www.un-documents.net/poa-wssd.htm>

countries.⁹¹ During the Millennium Summit in September 2000, the U.N. General Assembly adopted the Millennium Declaration in Resolution 55/2.⁹² The Declaration proposed a number of time sensitive goals that are now widely referred to as the Millennium Development Goals (MDGs). In March 2002, heads of states and government declared in the Monterrey Consensus Financing for Development their goal of eradicating poverty along with achieving sustained economic growth and promoting sustainable development while advancing to a “fully inclusive and equitable global economic system.”⁹³ Continued global commitment to development and poverty reduction was observed in 2015 with the adoption of the 2030 Agenda for Sustainable Development by the UNGA.⁹⁴ The wide observance of international efforts to end global poverty indicates its position as an international norm.

Finnemore and Sikkink argue that an international norm proceeds in three-stages: first it emerges by receiving domestic and international attention, then reaches a “tipping point” which culminates in its adoption, and in its final stage it becomes internalized in the behaviors of states and peoples.⁹⁵ Hulme and Fukuda-Parr apply Finnemore and Sikkink’s framework to describe how global poverty eradication has come to be regarded as an international norm.⁹⁶ Accordingly, Hulme and Fukuda-Parr argue that it follows the aforementioned three-stages.⁹⁷ Hulme and Fukuda-Parr contend that together the MDGs represent a super-norm that promotes global poverty eradication by encompassing a number of specific norms that relate to particular dimensions of poverty.⁹⁸ Global poverty reduction emerged as a norm during UN conferences and Summits.⁹⁹ “Norm

⁹¹ *Shaping the 21st Century: The Contribution of Development Co-operation*, Development Assistance Committee, OECD May 1996.

⁹² UN General Assembly, *United Nations Millennium Declaration, Resolution Adopted by the General Assembly*, 18 September 2000, A/RES/55/2, available at: <http://www.refworld.org/docid/3b00f4ea3.html>

⁹³ Financing for Development: Monterrey Consensus of the International Conference on Financing for Development: the Final Text of Agreements and Commitments Adopted at the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002. New York: United Nations, 2003.

⁹⁴ UN General Assembly, *Transforming Our World: The 2030 Agenda for Sustainable Development*, 21 October 2015, A/RES/70/1.

⁹⁵ Martha Finnemore & Kathryn Sikkink, International Norm Dynamics and Political Change. *International Organization*, vol. 52, no. 4, at 887-917, (1998).

⁹⁶ Sakiko Fukuda-Parr & David Hulme, *International Norm Dynamics and the "End of Poverty": Understanding the Millennium Development Goals*. *Global Governance*, Vol. 17, no. 1, at 17-36, (2011).

⁹⁷ *Id.*

⁹⁸ *Id.*

⁹⁹ *Id.*

entrepreneurs”¹⁰⁰ such as NGOs and bilateral aid agencies also influenced the emergence of poverty in its first stage. Its tipping point culminated with the IDGs and MDGs agreements. In the second stage, poverty reduction as acknowledged in the MDGs was accepted by states and international organizations. In the final stage, the MDGs became internalized and have acted synonymously with poverty reduction.

5. Poverty and Institutions

Poverty entered international discourse through the agenda of development institutions as was shown in the previous section. Several institutions, including the U.N. General Assembly, U.N. specialized agencies, the World Bank and IMF (Bretton Woods Institutions), to NGOs and think tanks, have addressed ideas and strategies concerning global poverty. Rajagopal proclaims, “it is in the course of “discovering” poverty that the BWIs, particularly the Bank, discovered themselves as international institutions.”¹⁰¹ Poverty as a characteristic of “global” disposition as Gupta posits can be “traced to the actions of global institutions and global structures.”¹⁰² As such, international institutions are implicated in the persistence of poverty.

Often the causes of poverty are recognized in terms of local state specific conditions while neglecting the historical global causes of poverty. Global poverty, then, cannot be assessed at the local or national level; instead it must be conceptualized at the global level to understand how poverty endures amidst prolonged international efforts to eradicate it. For Rahnema, “global poverty is an entirely new and modern construct” which should be understood in relation to the world economy.¹⁰³ Hulme asserts that the international agenda of poverty can “be seen as the world’s most successful confidence trick—which rich nations, powerful organizations, and global elites (in rich and poor countries) retaining the existing structures of power and resource access while maintaining their legitimacy.”¹⁰⁴ In the same vein, Holman argues that “poverty exists in

¹⁰⁰ *Id.*

¹⁰¹ Supra note 2, at 105.

¹⁰² Akhil Gupta, *National Poverty and Global Poverty in the Age of Neoliberalism*. Cahiers d'études africaines, Vol. 202-203, no. 2, at 415-426, (2011).

¹⁰³ Majid Rahnema, *Poverty In The Development Dictionary: A Guide to Knowledge as Power*. Zed Books, London, at 162, (2010). Retrieved at <http://libproxy.aucegypt.edu:2048/login?url=http://search.credoreference.com/content/entry/zeddev/poverty/0?institutionId=6166>

¹⁰⁴ Supra note 10, at 2.

order to support or uphold [a distinguishable strata]; in turn, certain social mechanisms have developed in order to perpetuate poverty; finally, this poverty promotes responses amongst its victims which serve only to reinforce its existence.”¹⁰⁵ Thus, institutions contribute to the preservation of social classes and the persistence of poverty.¹⁰⁶

A poverty trap is defined as “any self-reinforcing mechanism [that] causes poverty to persist.”¹⁰⁷ Paul Collier identifies four “traps” which he believes cause and sustain abject poverty: the conflict trap, the natural resources trap, the landlocked with bad neighbors trap, and the bad governance in a small country trap.¹⁰⁸ However, this thesis argues that poverty is also trapped within an *international* discourse that is legitimized by international institutions and their respective neoliberal logic. International financial institutions premise their goals for increasing human welfare in terms of economic progress. In the struggle to make poverty history, Rist argues that international agencies are primarily concerned with making markets work for the poor.¹⁰⁹ For the World Bank, “providing opportunities” means making use of the labor force of the poor to encourage economic growth.¹¹⁰ The labor market is one of the ways that people are continuously kept in “bondage and captivity.”¹¹¹ Accordingly, in acknowledging that markets are primarily concerned with producing economic efficiency, Donnelly argues that the poor are caught in a “vicious rights-abusive cycle.”¹¹² Those who are served by these institutions grow distrustful of “these institutions because they always deceive [them].”¹¹³ This thesis argues that institutions and their respective policies play a vital role in how poverty is addressed, experienced, and maintained.

¹⁰⁵ Robert Holman, *Poverty: Explanations of Social Deprivation*. St. Martin's Press, New York, at 188, (1978).

¹⁰⁶ *Id.* at 207.

¹⁰⁷ Costas Azariadis & John Stachurski, *Poverty Traps* in P. Aghion, S. Durlauf (Eds.), *Handbook of Economic Growth*, Elsevier, Amsterdam, at 326, (2005).

¹⁰⁸ Paul Collier, *The Bottom Billion: Why the Poorest Countries are Failing and what can be done about it*, Oxford University Press, Oxford; New York; (2007).

¹⁰⁹ Gilbert Rist, *The History of Development: From Western Origins to Global Faith*. Zed, New York; London, at 230, (2008).

¹¹⁰ Francine Mestrum, *Poverty Reduction and Sustainable Development*. Environment, Development and Sustainability, Vol. 5, no. 1, at 41-61, (2003).

¹¹¹ *Supra* note 44, at 7.

¹¹² Jack Donnelly, *Human Rights, Democracy, and Development*. Human Rights Quarterly, Vol. 21, no. 3, at 608-632, (1999).

¹¹³ Deepa Narayan & Michael Walton, *Voices of the Poor: Can Anyone Hear Us?*, World Bank Publications, Washington, at 8, (2000).

6. Poverty as a Human Rights Violation

The relationship between poverty and human rights is fundamental. The Universal Declaration of Human Rights addresses and codifies poverty in Article 25(1).¹¹⁴ The article recognizes the rights of adequate living standards and social security. It has been posited that Article 25 establishes the legal basis for the promotion of anti-poverty policies through international human rights law.¹¹⁵ Article 11 of the International Covenant on Economic, Social, and Cultural Rights recognizes “the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions.”¹¹⁶

On the international level, as well as the national level, poverty represents grave and systemic violation of human rights. This is recognized in the OHCHR Guiding Principles on Extreme Poverty and Human Rights:

Poverty is an urgent human rights concern in itself. It is both a cause and a consequence of human rights violations and an enabling condition for other violations. Not only is extreme poverty characterized by multiple reinforcing violations of civil, political, economic, social, and cultural rights, but persons living in poverty generally experience regular denials of their dignity and equality.¹¹⁷

The OHCHR observes “the human rights approach underlines the multidimensional nature of poverty, describing poverty in terms of a range of interrelated and mutually reinforcing deprivations, and drawing attention to the stigma, discrimination, insecurity and social exclusion associated with poverty.”¹¹⁸ In 1993, the UN General Assembly affirmed that, “extreme poverty and social exclusion constitute a violation of human

¹¹⁴ Universal Declaration of Human Rights, G.A. Res. 217A (III), U.N. Doc. A/810 at 71 (1948).

Article 25(1) states “Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.”

¹¹⁵ Lucy Williams, *International Poverty Law: An Emerging Discourse*. Vol. International Studies in Poverty Research. London: Zed Books Ltd. (2006).

¹¹⁶ International Covenant on Economic, Social and Cultural Rights, Dec. 16, 1966, S. Treaty Doc. No. 95-19, 6 I.L.M. 360 (1967), 993 U.N.T.S. 3.

¹¹⁷ Guiding Principles on Extreme Poverty and Human Rights, Preface, at 2. See http://www.ohchr.org/Documents/Publications/OHCHR_ExtremePovertyandHumanRights_EN.pdf

¹¹⁸ Office of the United Nations High Commissioner for Human Rights, Principles and Guidelines for a Human Rights Approach to Poverty Reduction Strategies, HR/PUB/06/12. View at <http://www.ohchr.org/Documents/Publications/PovertyStrategiesen.pdf>

dignity.”¹¹⁹ In 2001, the Committee on Economic, Social, and Cultural Rights expressed the notion that “poverty constitutes a denial of human rights”¹²⁰ and requested that human rights be integrated in the poverty reduction strategies.

As highlighted, poverty constitutes a grave human rights concern and as such its eradication is seen as imperative. Perry observes, “poverty reduction has become the institutional vehicle for shaping and directing the application of human rights towards achieving the orthodox consensus of what constitutes development.”¹²¹ Sane advocates that the abolition of poverty can only be achieved when it is recognized as a violation of human rights much like slavery, colonialism, and apartheid.¹²² Nelson Mandela stated that “like slavery and apartheid, poverty is not natural,” during the make poverty history campaign.¹²³ Sané and Mandela believe that it is through the international edifice in which grave violations can be dismantled. However, it must be borne in mind that human rights may be detrimental to the poor as mere devices of rhetoric. Human rights, then, can be a substantive route if and only if the poor can actually realize and practice such rights. For Williams, human rights can be instruments of poverty reduction “*if and only if* we are able to develop models of rights that do not bring with them the values and assumptions of laissez-faire capitalism and primacy of the market economy as its currently conceived and legally constructed based on Homo economicus assumption” (emphasis added).¹²⁴ In this respect, recognizing poverty as a human rights violation is not as critical as how human rights are used as a tool for its maintenance.

7. Poverty in Egypt

Egypt is a lower middle-income country that is characterized by uneven development, widening income disparities, rapid population growth, increasing unemployment rates, and drastic levels of poverty. Although Egypt has ratified the ICESCR, it has failed to

¹¹⁹ Vienna Declaration and Programme of Action, World Conference on Human Rights. GENERAL A/CONF.157/23 (1993).

¹²⁰ Statement adopted by the Economic and Social Council, E/C.12/2001/10. View at <http://www2.ohchr.org/english/bodies/cescr/docs/statements/E.C.12.2001.10Poverty-2001.pdf>

¹²¹ Robin Perry, *Preserving Discursive Spaces to Promote Human Rights: Poverty Reduction Strategy, Human Rights and Development Discourse*. McGill International Journal of Sustainable Development Law and Policy, Vol. 7, no. 1, at 61, (2011).

¹²² Pierre Sané, *Poverty, the Next Frontier in the Struggle for Human Rights*. International Social Science Journal, Vol. 56, no. 2, at 271, (2004).

¹²³ Mandela's Poverty Speech, (2005). Transcript available at http://news.bbc.co.uk/2/hi/uk_news/politics/4232603.stm

¹²⁴ Supra note 115, at 15.

acknowledge its citizens right to be free from poverty.¹²⁵ Some argue that the 25 January Revolution was a result of corruption, poverty, unemployment, and an unbalanced distribution of wealth in Egypt.¹²⁶ Egypt failed to achieve the first MDG, exhibiting an increase in poverty rate from 16.7% in 1999/2000 to 26.3% in 2012/2013.¹²⁷ Its extreme poverty rate decreased from 6.1% in 2008/2009 to 4.4% in 2012/2013.¹²⁸ Although the World Bank does not have data on Egypt's statistics on the global poverty line, in 2010 it was estimated that 25.2% of Egyptians were living below their national poverty line.¹²⁹ A report conducted by the Egyptian Food Observatory found that 86% of 1,680 households surveyed in 2012 stated that their income was insufficient in covering monthly bills for food, clothes, and shelter.¹³⁰ In 2016, the Central Agency for Public Mobilization and Statistics (CAPMAS) revealed that the percentage of people living under the poverty line increased from 26.3% to 27.8% from the 2012/2013 to 2014/2015.¹³¹ According to CAPMAS, Egypt's poverty line was EGP 482 in the fiscal year of 2014/2015.¹³² It is in light of such statistics, that this thesis examines the poverty reduction strategies employed by Egypt.

Poverty is a critical global concern in the pursuit of development. As illustrated in this section, it is comprehensively defined and measured. Viewed as a human rights violation, poverty warrants attention, especially in relation to international institutions. The interaction between poverty and institutions can be examined through the hegemonic power of neoliberalism, as will be described in the following section.

¹²⁵ Sarah El-Ghazaly, Erin Evers, & Sirine Shebaya, *Entrenching Poverty in Egypt: Human Rights Violations that Contributed to the January 25 Revolution*. Yale Human Rights and Development Journal: Vol. 14: Issue 2, Article 4. at 133, (2011).

¹²⁶ Salah Abosedra, Muhammad Shahbaz & Kishwar Nawaz, *Modeling Causality between Financial Deepening and Poverty Reduction in Egypt*. Social Indicators Research 126.3, at 956, (2016).

¹²⁷ Ichiki Tsuchiya, *Poverty in Egypt during the 2000s*. Interim Report for Household Expenditure Patterns in Egypt during the 2000s, IDE-JETRO, at 60-73, (2016).

¹²⁸ *Id.*

¹²⁹ <http://povertydata.worldbank.org/poverty/country/EGY>

¹³⁰ Supra note 126.

¹³¹ Daily News Egypt, Poverty rates rises while solutions are lacking, low-income citizens in Upper Egypt, Sinai most affected: experts, August 10, 2016.

¹³² Daily News Egypt, EGP 482 per month becomes new poverty line, July 27, 2016.

B) Neoliberalism

The Encyclopedia of World Poverty lists neoliberalism as one of the causes of poverty.¹³³ Neoliberalism refers to a program of policies and governance characterized by state retrenchment, free trade, market liberalization, deregulation, privatization and commercialized social programs, and foreign investment.¹³⁴ Neoliberalism has been heralded as “the most successful ideology in world history”¹³⁵ and “the most powerful ideological and political project in global governance to arise in the wake of Keynesianism.”¹³⁶ Larner has argued that neoliberalism should be understood as comprising of three intertwined dimensions: a set of policies, an ideology, and a form of “governmentality”.¹³⁷ Neoliberalism has also been distinguished as an economic theory, as political ideology, as policy paradigm, and as social imaginary.¹³⁸ However, this thesis argues that neoliberalism is not merely an ideology, but rather that it has evolved into a hegemon that has transcended the international edifice and produced profound injustices for the poor.

1. Neoliberalism: A Historical Perspective

The origins of neoliberalism can be traced to the late 1930s. Foucault distinguishes two neoliberal programs; the German form and the American Form.¹³⁹ Although, each form arose in different historical contexts they share commonalities; their opposition to Keynesian economics and their roots to the Austrian school with the work of Ludwig Von Mises.¹⁴⁰ The global dissemination of neoliberalism occurred during the Second World War with the emigration of Austrian economists.¹⁴¹ In 1944, Hayak’s *The Road to*

¹³³ Mehmet Odekon, *Encyclopedia of World Poverty*. SAGE Publications, Thousand Oaks, California, (2006).

¹³⁴ Alejandro Grimson, *The Making of New Urban Borders: Neoliberalism and Protest in Buenos Aires*. Antipode 40(4), at 504–512, (2008).

¹³⁵ Perry Anderson, Renewals, *New Left Review* 2/1, at 17, January/February 2000.

¹³⁶ James McCarthy & Scott Prudham, *Neoliberal Nature and the Nature of Neoliberalism*. Geoforum. 35(3): at 275-83, (2004).

¹³⁷ Wendy Larner, *Neo-Liberalism: Policy, Ideology, Governmentality*. Studies in Political Economy, no. 63, (2000).

¹³⁸ Peter Evans & William Sewell, *Neoliberalism: Policy Regimes, International Regimes, and Social Effects*. In P. A. Hall & M. Lamont (Eds.), *Social Resilience in the Neoliberal Era*. Cambridge: Cambridge University Press, at 35–68, (2013).

¹³⁹ Michel Foucault, *The Birth of Biopolitics: Lectures at the Collège De France, 1978-79*. Edited by Michel Senellart, Palgrave Macmillan, New York, at 80-81, (2008).

¹⁴⁰ *Id.*

¹⁴¹ Supra note 1.

Serfdom introduced the basic ideas of neoliberalism.¹⁴² The establishment of intellectual networks of neoliberal thought began to take shape at the end of the Second World War.¹⁴³ In 1947, the Mont Perlin Society was founded consisting of the Austrian school, London School of Economics, the Chicago School, and the Frieburg School.¹⁴⁴ The establishment of neoliberal ideology is commonly attributed to Friedrich Hayek and Milton Friedman who both were awarded Nobel Prizes in economics in 1974 and 1976 respectively for their views.¹⁴⁵ The era of neoliberalism, marking the end of Keynesianism, began in the 1980s with the elections of Ronald Reagan and Margaret Thatcher. In the context of this thesis, the 1980s represents the consolidation of the hegemonic power of neoliberalism. The “end of history” thesis,¹⁴⁶ as coined by Francis Fukuyama in 1989, implied that the most current political and economic ideology, neoliberalism, marked the end of any further developments to the way in which the world would operate. Neoliberalism, then, is considered the best possible global order, as no better alternative exists. However, this is often contested, as research on poverty has shown the opposite to be true. The distribution of wealth has been far from balanced in countries that have adopted free market ideology.¹⁴⁷ Passas echoes many scholars when remarking that the introduction of global neoliberalism has resulted in more poverty, economic and political asymmetries, and an unsustainable growth pattern.¹⁴⁸

Neoliberalism introduced the idea that there should be no separating between economic freedom and political freedom. The “Hayek-Friedman Hypothesis” asserts that for a society to be politically free it must also possess economic freedom.¹⁴⁹ In a study

¹⁴² *Id.*

¹⁴³ *Id.*

¹⁴⁴ *Id.*

¹⁴⁵ David Harvey, *The History of Neoliberalism Begins With the Economic Theories of Hayek and Friedman* in *A Brief History of Neoliberalism*, Oxford University Press, Oxford; New York, 2007. See also Fernando Pérez & Luigi Esposito, *The Global Addiction And Human Rights: Insatiable Consumerism, Neoliberalism, And Harm Reduction*. *Perspectives On Global Development & Technology* 9.1/2, at 84-100, (2010).

¹⁴⁶ Francis Fukuyama, *The End of History and the Last Man*. Avon Book, New York, (1993). Thatcher also promoted the idea that “there is no alternative”.

¹⁴⁷ Amy Chua, *World On Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability*. New York: Doubleday, (2002).

¹⁴⁸ Nikos Passas, *Global Anomie, Dysnomie, and Economic Crime: Hidden Consequences of Neoliberalism and Globalization in Russia and Around the World*. *Social Justice*, vol. 27, no. 2 (80), at 16-44, (2000).

¹⁴⁹ Robert A. Lawson & J. R. Clark, *Examining the Hayek–Friedman Hypothesis on Economic and Political Freedom*. *Journal of Economic Behavior and Organization*, Vol. 74, no. 3, at 230-239, (2010). “Economic freedom is a condition of political freedom”.

testing this hypothesis, Lawson and Clark found that between 1970 and 2005 Chile, a hallmark neoliberal case, did not violate this hypothesis epitomizing the idea that “political liberalism cannot exist without economic freedom.”¹⁵⁰ However, in a cross-country comparison and time series analysis testing Friedman’s theory, another study found that political freedom is not a necessary or sufficient condition for capitalism.¹⁵¹ Naomi Klein’s *Shock Doctrine* traces the history of neoliberalism, arguing that it was implanted into different countries.¹⁵² Klein also challenges the claim of freedom and free markets.¹⁵³ David Harvey also advances this argument in contending that “the freedoms [neoliberalism] embodies reflect the interests of private property owners, businesses, multinational corporations, and financial capital.”¹⁵⁴ In this manner, the freedom that neoliberalism purports to afford takes different forms for different groups.

Often, research on poverty casts attention on social exclusion. However, Bush posits that being included rather than excluded by the neoliberal capitalist economy has facilitated the poor’s continuing destitution.¹⁵⁵ This is referred to as inclusive neoliberalism whereby poverty reduction strategies are the focus.¹⁵⁶ Others have observed that neoliberalism has not helped alleviate structural unemployment or unequal wealth distribution.¹⁵⁷ Dixon posits that neoliberalism is unaware of the ideational and structural dimensions of poverty and for that reason it is incapable of grasping the “nature, causes, and consequences of poverty and its solution.”¹⁵⁸ Moreover, “the end of history” has acted antagonistic to efforts to “make poverty history”.

¹⁵⁰ *Id.* at 238.

¹⁵¹ Frederic L. Pryor, *Capitalism and Freedom?* Economic Systems, Vol. 34, no. 1, at 91-104, (2010).

¹⁵² Naomi Klein, *The Shock Doctrine: The Rise of Disaster Capitalism*. Vintage Canada, Toronto, (2008).

¹⁵³ *Id.*

¹⁵⁴ David Harvey, *A Brief History of Neoliberalism*, Oxford University Press, Oxford; New York; (2007). Here the notion of freedom is a critical aspect of the policies of neoliberalism and how is employed and enforced.

¹⁵⁵ Ray Bush, *Poverty and Neoliberal Bias in the Middle East and North Africa*, Development and Change, 35(4), at 675, (2004).

¹⁵⁶ Thomas Klak, James Wiley, Emma Gaalaas Mullaney, Swetha Peteru, Seann Regan & Jean-Yves Merilus, *Inclusive Neoliberalism?: Perspectives from Eastern Caribbean Farmers*, Progress in Development Studies, vol. 11/no. 1, at 33-61, (2011).

¹⁵⁷ Jonathan D. Ostry, Prakash Loungani & Davide Furceri, *Neoliberalism: Oversold?* International Monetary Fund, Vol. 53, No. 2. (2016). Available at <http://www.imf.org/external/pubs/ft/fandd/2016/06/ostry.htm>.

¹⁵⁸ John Dixon, *On Being Poor-by-Choice: A Philosophical Critique of the Neoliberal Poverty Perspective*. Poverty & Public Policy, Vol. 4, no. 2, (2012).

2. Neoliberalism and Institutions

International financial institutions (IFIs) have served as instruments of neoliberal promotion.¹⁵⁹ The creation of World Bank and the International Monetary Fund has fostered the capitalistic objectives that the present global world order is predicated on. These “missionary institutions” have promoted neoliberalism globally.¹⁶⁰ In 1944, the United States held the Bretton Woods conference to create the International Bank for Reconstruction and Development, commonly referred to as the World Bank and the International Monetary Fund, or the IMF.¹⁶¹ These institutions were created to coordinate and manage international monetary and financial matters following the Second World War. The World Bank was established for the sole purpose of investing in projects in underdeveloped countries.¹⁶² The objectives of the IMF included fostering monetary cooperation internationally and assisting in the economic development of its member states.¹⁶³ The IMF also provides loans and assists in designing policy regarding the financing of payment debts.

In 1947, the two institutions became specialized agencies of the United Nations. Although, these two international institutions serve significant purposes on the international plane, they have been criticized for their governance structures. Anghie compares their techniques of management and control to that of the Mandate System.¹⁶⁴ To ensure that their functions were free from political interference on the international plane,¹⁶⁵ the IFIs were given autonomy and made separate from the Economic and Social Council the United Nations. However, unlike the United Nations General Assembly, rich

¹⁵⁹ Shahid M. Alam, *Globalization and Its Discontent*. *Ahram Weekly*, June 12-18, (2003), cited in Yasser Elsheshtawy, *Planning Middle Eastern Cities: An Urban Kaleidoscope in a Globalizing World*. Routledge, New York; London; at 154, (2004).

¹⁶⁰ Joseph E. Stiglitz, *Globalization and its Discontents*. W.W. Norton, New York, (2002).

¹⁶¹ Edward S. Mason & Robert E. Asher, *The World Bank since Bretton Woods: The Origins, Policies, Operations, and Impact of the International Bank for Reconstruction and Development and the Other Members of the World Bank Group: The International Finance Corporation, the International Development Association [and] the International Centre for Settlement of Investment Disputes*, Brookings Institution, Washington, 1973. Bretton Woods marked the beginning of international economic cooperation.

¹⁶² Ngaire Woods, *The Globalizers: The IMF, the World Bank, and their Borrowers*. Ithaca, N.Y: Cornell University Press, at 7, (2006).

¹⁶³ Richard Goode, *Economic Assistance to Developing Countries Through the IMF* (1985).

¹⁶⁴ Antony Anghie, James Crawford & John Bell, *Imperialism, Sovereignty and the Making of International Law*, edited by Antony Anghie, et al., Cambridge University Press, at 264, (2005).

¹⁶⁵ Antony Anghie, *Time Present and Time Past: Globalization, International Financial Institutions, and the Third World*. *New York University Journal of International Law and Politics*, Vol. 32, no. 2, at 243-290, (2000).

member countries of the World Bank and the IMF have majority of the voting rights determined by quota. As the lead shareholder, the United States exercises great influence in the Bretton Woods Institutions, accounting for 16.4% of total votes for IBRD and 14.49% for IDA in 2002.¹⁶⁶ Along with the U.S., Japan, Germany, the United Kingdom, and France, each hold one seat, reflecting the hegemony of rich countries.¹⁶⁷ Within the IMF voting power is conferred by a quota formula, which consists of four elements, including GDP (50 percent), openness (30 percent), economic variability (15 percent) and international reserves (5 percent).¹⁶⁸ It is the governance structure of the IFIs that allows industrialized countries to pursue their own interests in the name of development.¹⁶⁹

The promotion of neoliberalism by the two institutions is widely recognized through the Washington Consensus, Structural Adjustment Programs, and Post-Washington Consensus, all of which are legal regimes.¹⁷⁰ The Washington Consensus, as conceived by John Williamson in 1989, consists of ten policy prescriptions that advocate tenets of neoliberalism, such as free trade and free markets to promote development. Structural adjustment programs are a set of economic policies that provide access to loans to debt-ridden countries conditioned on the application of free market, privatization, and liberalization initiatives. Following the financial crises of 2008 that was attributed to the Washington Consensus, the World Bank and IMF abandoned their one-size-fits-all approaches and embarked on the Post-Washington Consensus, marking a shift in their development agenda through an emphasis on poverty reduction. It is through the IMF and the World Bank that the ideology of neoliberalism has been promoted and regulated.¹⁷¹ Rajagopal posits that these institutions have become “apparatuses of management and control of social reality.”¹⁷²

¹⁶⁶ Supra note 22, at 172.

¹⁶⁷ *Id.*

¹⁶⁸ IMF & World Bank Decision-Making and Governance. Inside the Institutions, Bretton Woods Project. 31 March 2016. View at <http://www.brettonwoodsproject.org/2016/03/imf-world-bank-decision-making-and-governance-existing-structures-and-reform-processes/>

¹⁶⁹ Supra note 164, at 266.

¹⁷⁰ David Kennedy, *The 'Rule of Law,' Political Choices, and Development Common Sense in The New Law and Economic Development*, In Trubek, D. M. and Santos, A., (eds.), *The New Law and Economic Development: A Critical Appraisal*. Cambridge University Press, at 138, (2006).

¹⁷¹ Supra note 102.

¹⁷² Supra note 2, at 99.

Despite the purposes for which they were established, the World Bank and the IMF are now engaged in development and poverty reduction.¹⁷³ As espoused in the creation of the Comprehensive Development Framework (CDF), development has been cast as an interdependent incorporation of social, structural, environmental, and economic approaches.¹⁷⁴ The introduction of the CDF by the World Bank expanded the meaning of development into domains that had been previously neglected and more significantly allowed countries to take ownership of their development. National policies to addressing poverty are addressed in the Poverty Reduction Strategy Papers (PRSPs) submitted to the World Bank and the IMF. However, national policies are influenced largely by the dominant policies and conditionalities that the World Bank and IMF accept and do not really exhibit national autonomy.¹⁷⁵

In its 2000/2001 World Development Report, the World Bank proclaimed that “poverty is the result of economic, political, and social processes that interact with each other and frequently reinforce each other in ways that exacerbate the deprivation in which poor people live.”¹⁷⁶ Taylor argues that the World Bank, paradoxically, reproduces the contradictions of global capitalism in new and developed forms.¹⁷⁷ As this thesis argues poverty reduction strategies are an example of such contradictions. As Salomon contends, contemporary poverty reduction strategies exist in tension with free market forces.¹⁷⁸ In the context of this thesis, the World Bank and the IMF are engaged in these contradictions via poverty reduction policies. The rhetoric of addressing global poverty acts to legitimize and fuel neoliberalism.¹⁷⁹ Despite their efforts to reduce poverty and promote development, they IFIs neglect the fundamental structures that sustain poverty and hinder development.

¹⁷³ Margot E. Salomon, Arne Tostensen & Wouter Vandenhole, *Casting The Net Wider: Human Rights, Development and New Duty-Bearers*. Intersentia, at 181, (2007).

¹⁷⁴ The World Bank, What is CDF? View at

http://web.worldbank.org/archive/website01013/WEB/0__CON-3.HTM

¹⁷⁵ Terry McKinley, Economic Policies for Growth and Poverty Reduction: PRSPs, Neoliberal Conditionalities and ‘Post-Consensus’ Alternatives. *IDS Bulletin*, Vol. 39, no. 2, at 93-103, (2008).

¹⁷⁶ *Supra* note 1.

¹⁷⁷ Marcus Taylor, *Opening the World Bank: International Organisations and the Contradictions of Global Capitalism*. *Historical Materialism*, Vol. 13, no. 1, at 154, (2005).

¹⁷⁸ *Supra* note 173, at 162.

¹⁷⁹ Alain Noël, *The New Global Politics of Poverty*. *Global Social Policy*, vol. 6, no. 3, at 304-333, (2006).

3. Neoliberalism in Egypt

Egypt's economic trajectory is a culmination of its history, as particularly evidenced by the riots and revolutions that have been a hallmark of the peoples' discontent regarding its economic policies. Under the presidency of Gamal Abdel Nasser, during the late 1950s, Nasser implemented state-led Import Substitution Industrialization.¹⁸⁰ During Nasser's presidency the idea of "social justice, progress and development, and dignity" signified a period where Egypt's unemployment and inflation rates were significantly low.¹⁸¹ Nasser's successor, Anwar Sadat transformed state socialism to privatization while inviting the policies of the IMF and the World Bank.¹⁸² This period is often regarded as the *Infitah*, or the opening or liberalization of Egypt's economy¹⁸³ and was outlined in the 1974 October Paper.¹⁸⁴ Sadat's policy would reverse the nationalist developments brought about by Nasser, in order to integrate Egypt into the international capitalist market.¹⁸⁵ By the late 1980s, Egypt struggled with a debt crisis as a result of its trade imbalance, insignificant investment in Egyptian society, and heavy reliance on foreign aid. In 1987, Egypt signed a structural adjustment agreement with the IMF.¹⁸⁶ Hosni Mubarak, Egypt's thirty-year authoritarian ruler, continued and intensified Egypt's integration into the international political economy through acceptance of the Washington Consensus. The signing of the structural adjustment agreements in 1991 by Mubarak marked the solidification of neoliberal policies.¹⁸⁷

The Egyptian people have expressed discontent with these economic policies since the labor movements of the 1950s.¹⁸⁸ The bread riots of the 1970s were another

¹⁸⁰ Lama Abu-Odeh, *On Law and the Transition to Market: The Case of Egypt*. 37 Int'l J. Legal Info. 59, at 65-67, (2009).

¹⁸¹ Tarek Osman, *Egypt on the Brink: From the Rise of Nasser to the Fall of Mubarak*. Yale University Press, at 52 & 57, (2011).

¹⁸² *Id.*

¹⁸³ Marvin G. Weinbaum, *Egypt's "infitah" and the Politics of US Economic Assistance*. Middle Eastern Studies 21.2 (1985): Pg. 206.

¹⁸⁴ *Supra* note 180.

¹⁸⁵ Ibrahim G. Aoudé, *From National Bourgeois Development to "INFITAH": EGYPT 1952-1992*. Arab Studies Quarterly 16.1, at 1, (1994).

¹⁸⁶ *Supra* note 180.

¹⁸⁷ Sabine Frerichs, *Egypt's Neoliberal Reforms and the Moral Economy of Bread: Sadat, Mubarak, Morsi*. Review of Radical Political Economics. Vol. 48, no. 4, at 613, (2016).

¹⁸⁸ Rabab El-Mahdi, *Labour Protests in Egypt: Causes and Meanings*. Review of African Political Economy, 38:129, 387-402, (2011). See also J. Beinin (2012) *The Rise of Egypt's Workers*, The Carnegie Papers. Available at <http://carnegieendowment.org/2012/06/28/rise-of-egypt-s-workers/coh8>. G. Dume nil & D. Levy, *The Crisis of Neoliberalism*, (2011) describe the uprisings as "a structural crisis of the social

early expression of the discontent of the introduction of neoliberal policies following the debt crisis that faced the region.¹⁸⁹ In 2011, the 25 January Revolution represented growing discontent in Egypt, as part of larger discontent in the region. “*Aish, Horreya, Adala Egtema'eya*”, or “Bread, freedom, and social justice” was a key slogan during the 25 January 2011 Egyptian Uprising as thousands of people marched in the streets and gathered in Tahrir Square.¹⁹⁰ The 25 January Uprising has been widely regarded as a reaction to two decades of neoliberal reforms that the government has continued to enforce without due regard to rising levels of poverty and inequality.¹⁹¹ Schwartz regards Egypt “as the poster child of neoliberal reform in the Middle East.”¹⁹² Yet, the aftermath of the 25 January Uprising indicates that, despite reforms Egypt had failed to improve the lives of its citizens as evidenced in the previous section on poverty. However, Egypt has been a client of the IMF for four decades. In 2016, the IMF executive board approved a USD 12 billion loan to Egypt. Adly compares the IMF to “a skilled knee surgeon operating on a patient with a knee injury who also suffers from blood cancer”¹⁹³, as it never actually claimed to be concerned with the deeper structural roots of Egypt’s financial woes.

This section on neoliberalism provides an overview of its emergence and history. It also provides an analysis of the institutions that maintain the tenets of neoliberalism for both national and international purposes. The interaction between neoliberalism and poverty is crucial in understanding how poverty continues to persist amidst international efforts to ameliorate it. The following chapter assesses this interaction through the Neo-Gramscian framework.

order of neoliberal globalization”.

¹⁸⁹ Koenraad Bogaert, *Contextualizing the Arab Revolts: The Politics Behind Three Decades of Neoliberalism in the Arab World*. Middle East Critique, vol. 22, no. 3, at 213-234, (2013).

¹⁹⁰ Anne Alexander, Mostafa Bassiouny & Kika Sroka-Miller. *Bread, Freedom, Social Justice: Workers and the Egyptian Revolution*. 1st ed. 54064 Vol. London, England: Zed Books, at 2, (2014).

¹⁹¹ Laryssa Chomiak & John P. Entelis, *The Making of North Africa's intifadas*, *Middle East Report*, 259, (2011). See also, El-Said, H. & J. Harrigan, *Economic Reform, Social Welfare, and Instability: Jordan, Egypt, Morocco, and Tunisia, 1983–2004*. *The Middle East Journal*, 68(1), at 99–121, (2014). Koenraad Bogaert, *Contextualizing the Arab Revolts: The Politics Behind Three Decades of Neoliberalism in the Arab World*. Middle East Critique, Vol. 22, no. 3, 2013, 213-234. Tyson E J Marsh. *The Neoliberal Education Project and the Rise of Revolution: Lessons from the Youth of Egypt*. *Planning and Changing* 45.3/4, at 381, (2014).

¹⁹² Michael Schwartz, *The Egyptian Uprising: The Mass Strike in the Time of Neoliberal Globalization*. *New Labor Forum*. 20(3): at 33-43, (2011).

¹⁹³ Amr Adly, *The IMF as Knee Surgeon on a Cancerous Patient*. Mada Masr, March 20, 2016.

III. Gramsci and Neo-Gramscian Analysis

Neo-Gramscian analysis provides a useful approach to understanding the politics and relations of power that have come to shape the world order. The essence of Neo-Gramscian theory is that the world order is both maintained and produced internationally as a direct function of hegemony. Neo-Gramscian theory analyzes hegemony in relationship to how prevailing norms, institutions, and practices are established and maintained in a world order.¹⁹⁴ This chapter begins with a short introduction to Antonio Gramsci and Neo-Gramscian analysis, followed by his conception of hegemony, and concludes with a Gramscian analysis of neoliberalism.

A) Introduction to Gramsci and the Neo-Gramscian Framework

Antonio Gramsci, an Italian Marxist and one of the founders of the Italian Communist Party, articulated the concept of hegemony. Gramsci's *Prison Notebooks* offer fragmentary elements of theory that have been applied by scholars to understand contemporary world order. Gramsci's conceptualization of hegemony was concerned with the relationship between state and civil society. Gramsci, unlike other Marxists, noticed that the rule of one class over another does not depend on economic or physical power alone but rather by persuading the ruled to accept the system of beliefs of the ruling class and to share their social, cultural, and moral values.¹⁹⁵ Here, it is important to recognize that individuals become "carefully fabricated"¹⁹⁶ by the social order, as contended by Foucault. For Gramsci, a hegemon is created through both domination and command *and* through consensual submission that are reinforced through societal institutions.

However, his contemporary Robert Cox has applied Gramscian theory in the global context. Neo-Gramscian analysis is a critical theory that approaches international relations and the global political economy through the application of Gramscian theory. The Critical Legal Studies movement has utilized Gramsci's theory of hegemony.¹⁹⁷

¹⁹⁴ Andreas Bieler & Adam D. Morton, *A Critical Theory Route to Hegemony, World Order and Historical Change: Neo-Gramscian Perspectives in International Relations*. Capital & Class, no. 82, at 85, (2004).

¹⁹⁵ James Joll, *Gramsci*. Fontana, London, at 8, (1977).

¹⁹⁶ Michel Foucault, *Discipline and Punish: The Birth of the Prison*. Vintage Books, New York, (1995). He used this in his analysis on the panopticon.

¹⁹⁷ Douglas Litowitz, *Gramsci, Hegemony, and the Law*. *Brigham Young University Law Review*, vol. 2000, no. 2, June, at 515, (2000).

In the context of this thesis, the Neo-Gramscian framework is useful in understanding how policy guidelines are molded into internationally accepted and consented to practices. The policies or strategies deployed to tackle poverty reflect dominant conceptualizations created by the understandings of more powerful groups.¹⁹⁸

Neo-Gramscian analysis captures just how powerful and hegemonic a system neoliberalism is by its ability to integrate the poor. In the context of this thesis, neoliberalism has assumed hegemony that has come to influence the international poverty reduction policies that are utilized by international institutions. Inclusive neoliberalism employs the impoverished, through proclaimed poverty reduction strategies, so as to sustain particular historically created structures of power. As heralded by Cox, Neo-Gramscian theory seeks to ascertain “institutional and power-related origins of the existing world order and envisage prospects for its transformation in the wake of accelerated global economic integration.”¹⁹⁹ In this thesis, the Neo-Gramscian framework provides the means to, first, perceive and understand neoliberalism as hegemonic and, second, illustrates how the hegemon generates tensions and contradictions between development policy and poverty reduction strategies, with neoliberalism ultimately hindering development and poverty-reduction.

B) Hegemony

The concept of hegemony was central to the work of Gramsci. The term hegemony comes from the classical Greek word *hēgemonia*, revived in the nineteenth century to describe, “a power relationship of great inequality, most particularly one not of unbalanced capabilities only, but of asymmetric influence, influence consciously intended, consciously exerted and consciously accepted.”²⁰⁰ Hegemony can be understood as a process that “generates consent from the masses through the creation of institutions, and organizations, and social patterns that appear legitimate to the masses of the people.”²⁰¹ Gramsci’s theory of hegemony is valuable because of its ability to

¹⁹⁸ Ruth Lister, *Poverty*. Cambridge: Polity, Print, at 3-4, (2004).

¹⁹⁹ Sadik Unay, *Hegemony, Aid and Power: A Neo-Gramscian Analysis of the World Bank*. European Journal of Economic and Political Studies, Vol. 3/no. 2, at 40, (2016).

²⁰⁰ David Wikinson, *Hēgemonía: Hegemony, Classical and Modern*. Journal of World-Systems Research, Vol. 14/no. 2, at 138, (2015).

²⁰¹ Duncan Kennedy, *Antonio Gramsci and the Legal System*, ALSA Forum, Vol. 6/no. 1, at 32, (1982).

embody domination and consent simultaneously.²⁰²

In the field of law, hegemony can be a critical tool in analyzing how law is able to induce submission to a prevailing worldview.²⁰³ For example, Litowitz employs Gramsci's hegemony when describing the current legal system's ability to generate compliance to a dominant set of practices and institutions by a diverse group of people.²⁰⁴ It is the primary function of the legal system to maintain the social hierarchy.²⁰⁵ Accordingly, the connection between law and institutional policies is central in understanding how law sustains power relations and poverty through neoliberal policies. Law, as Kennedy contends, serves as a framework for market activity and as an instrument of neoliberal policy.²⁰⁶ The concept of hegemony warrants attention in legal analysis as it serves as a critical tool to assess how the law is implicated in creating a particular universality that is commonly accepted and submitted to. The primary concern of this thesis is the way in which neoliberalism underpins the goals of poverty reduction strategies. Thus, the thesis is concerned with how international and domestic laws and institutions are implicated in the sustainment of poverty and the entrenchment of neoliberalism.

It has been proposed that neoliberalism has become "the common sense way many of us interpret, live in, and understand the world."²⁰⁷ Although the 1990s marked a neoliberal "market shock", the neoliberal paradigm persevered as the "baseline common sense."²⁰⁸ In this respect, despite its adverse affects neoliberalism has been widely accepted. For this reason, Harvey regards the period from 1995 to 2005 as "chastened neoliberalism."²⁰⁹ Amidst growing awareness of neoliberalism's grave consequences to the world's poor, resulting in protests or revolutions, poverty reduction strategies are pursued as tools of neoliberalism. It is through inclusive neoliberal poverty reduction

²⁰² Emin Fuat Keyman, *Globalization, State, Identity/Difference: Toward a Critical Social Theory of International Relations*. Humanities Press, Atlantic Highlands, N.J, at 116, (1997).

²⁰³ *Supra* note 197, at 516.

²⁰⁴ *Id.* at 515.

²⁰⁵ Peter Gabel & Paul Harris, *Building Power, Breaking Images: Critical Legal Theory and the Practice of Law*. NYU Rev L & Soc Change, at 372, (1983).

²⁰⁶ *Supra* note 170, at 137.

²⁰⁷ *Supra* note 154.

²⁰⁸ *Supra* note 170, at 150.

²⁰⁹ *Id.*

strategies that the “disciplined inclusion of the poor” becomes apparent.²¹⁰

International institutions, including but not limited to the United Nations, the International Monetary Fund, and the World Bank, form central sites for the enduring existence of neoliberalism and global capitalism.²¹¹ Cutler underscores this phenomenon: “global institutions are participating in the institutionaliz[ation] of the hegemony of private legal ordering under neoliberal market ideology.”²¹² Saad-Filho and Johnston build on Cutler’s idea by describing neoliberalism as “a hegemonic system of enhanced exploitation of the majority.”²¹³ Cox references the creation of the World Bank and the IMF to illustrate how they were incorporated as mechanisms to supervise the application of norms internationalized by pax Americana.²¹⁴

International institutions manifest their hegemonic character in five ways.²¹⁵ First, they embody rules that facilitate the advancement of dominant economic and social forces while also making small concessions to subordinate interests. In the context of this thesis, while spreading the tenets of neoliberalism, international institutions sought ways in which the poor can become integrated into the system. This will be seen in the case studies in the two chapters that follow. Second, they originate from a particular state. In the case of neoliberalism, the United States and Britain are the states that where neoliberalism originated its hegemonic power. Third, they ideologically legitimate norms and define policy guidelines at the global and national level. This is seen by the adoption of liberalization and privatization. Fourth, financial institutions participate in a process called “transformismo” that enables the recruitment of elites from peripheral countries to supplant elements of the hegemony locally. And finally, transformismo also serves to

²¹⁰ Doug Porter & David Craig, *The Third Way and The Third World: Poverty Reduction and Social Inclusion in the Rise of ‘Inclusive’ Liberalism*. *Review of International Political Economy*, 11:2, at 387-423, (2004).

²¹¹ Anne Claire Cutler, *Gramsci, Law, and the Culture of Global Capitalism*, *Critical Review of International Social and Political Philosophy*, 8:4, at 535, (2005).

²¹² *Id.* at 537.

²¹³ Alfredo Saad-Filho & Deborah Johnston, *Neoliberalism: A Critical Reader*. Pluto Press, Ann Arbor, Michigan; London; (2005).

²¹⁴ Robert Cox, *Social Forces, States and World Orders: Beyond International Relations Theory*. In R.W. Cox and T.J. Sinclair (1996) *Approaches to World Order*. Cambridge: Cambridge University Press (Originally published in 1981), at 145.

²¹⁵ Sadik Unay, *Hegemony, Aid and Power: A Neo-Gramscian Analysis of the World Bank*. *European Journal of Economic and Political Studies*, vol. 3, no. 2, pp. 42, (2016). See Robert Cox, *Gramsci, Hegemony, and International Relations: An Essay in Method*. *Millennium: Journal of International Studies*, Vol.12, no. 2, at 162-175, (1983).

diffuse counter-hegemonic beliefs.²¹⁶ In an analysis of the World Bank, Unay suggests that the World Bank fulfills each of the five characteristics and thus represents a hegemonic entity.²¹⁷

It must be born in mind that development too has been critiqued as a hegemonic concept.²¹⁸ Development is fundamental to understanding the disparities between the North and the South and as an international approach for addressing global inequalities, especially those related to poverty. Gill suggests that a global hegemony should have economic legitimacy and moral credibility.²¹⁹ Neoliberalism fulfills both these attributes of hegemony in that it is legitimized through international institutions as the primary means to integrate people and states into the global economy, as well as maintaining the importance of free markets as essential for people to be free. Inclusive neoliberalism, whose parameters have been defined by the IFIs, can be seen as a policy tool to maintain control of the poor. Ruckert describes inclusive neoliberalism as “a totalizing force” that acts in contradictory ways by simultaneously “provid[ing] material incentives to the disempowered masses [while] adhering to the basic principles of neoliberal commodification and market colonization.”²²⁰ In this respect, neoliberalism deliberately functions to include the poor into the market.

In examining how the poor are integrated into the market through tools of neoliberalism, it is clear that poverty reduction strategies should be assessed in this light. Thus, the principal goal of this thesis is to critically evaluate neoliberalism in the context of international efforts to alleviate poverty in the name of development. The systemic integration of the poor into the market through poverty reduction strategies is expressed through a universal general interest in and pursuit of development. This thesis takes as its starting point the belief that there are institutional deficiencies that sustain global poverty. In this regard, poverty reduction strategies

²¹⁶ *Id.*

²¹⁷ *Id.*

²¹⁸ Sundhya Pahuja, *Decolonising International Law: Development, Economic Growth and the Politics of Universality*, Cambridge: Cambridge University Press, at 65, (2011).

²¹⁹ Stephen R. Gill & David Law, *Global Hegemony and the Structural Power of Capital*. *International Studies Quarterly*, Vol. 33, no. 4, at 475-499, (1989).

²²⁰ Arne Ruckert, *Towards an Inclusive-Neoliberal Regime of Development: From the Washington to the Post-Washington Consensus*. *Labour, Capital and Society / Travail, Capital Et Société*, vol. 39, no. 1, at 34-67, (2006).

do everything possible to create a system of global openness and integration ideally suited to the interests of international finance and capital, within a geopolitical system aligned in every way possible to the interests of most powerful nations, all while depicting the framework arrived at as being first and foremost about the interests of the poorest and most marginal people on the planet.²²¹

In this manner, consent contributes to the maintenance of the world order thereby allowing the system to reproduce itself. More specifically, this thesis posits that poverty reduction strategies employed by the international community are motivated by neoliberal hegemony that incorporates the poor. Gramscian theory is valuable to understanding why people accept neoliberalism and in recognizing that “resistance can be alienating and submission can be liberating.”²²² Gabel and Harris contend that the alienation is a result of the inability of people to attain genuine power and freedom.²²³ The relationship between agency and the hegemonic structure is critical as it illustrates how the poor are consensually bound within certain social parameters. Assessing inclusive neoliberalism through the Neo-Gramscian framework offers a gateway for analyzing the determinants of existing structural global imbalances that inhibit development and sustain poverty. The next two chapters examine microfinance and conditional cash transfer programs respectively, paying particular attention to their adoption in Egypt, arguing that while these policies are promoted by the World Bank and IMF under the guise of neoliberalism and poverty reduction in reality they contribute to and maintain poverty.

²²¹ Supra note 210.

²²² Pierre Bourdieu & Loic Wacquant, *An Invitation to Reflexive Sociology*. Cambridge: Polity (1992). Cited in Douglas Litowitz, *Gramsci, Hegemony, and the Law*. *Brigham Young University Law Review*, vol. 2000, no. 2, June, at 515, (2000).

²²³ Supra note 205, at 371.

IV. Microfinance

The dominance of neoliberalism within development discourse in the last few decades is evidenced by the popularity of microcredit and microfinance. Microcredit is defined as “the provision of tiny micro-loans to the poor to allow them to establish a range of very simple income-generating activities, thereby supposedly helping facilitate an escape from poverty.”²²⁴ Microfinance refers to a more elaborate set of services including loans, savings, and insurance that has been revered as a tool for ending poverty. Neoliberalism is guided through the belief that human freedom advances through access to the market.²²⁵ Microfinance programs epitomize the primacy of financial markets by including access to those formerly “unbanked.”²²⁶

Microfinance has become a dominant poverty reduction strategy in the pursuit of development. Otero posits that the objectives of microfinance and development encounter three points of intersection; the first is the alleviation of poverty; the second is institution building, in the case of microfinance, building financial institutions that serve the poor; and third the microfinance institution becomes a part of the domestic financial systems.²²⁷ Jeffrey Sachs believes that “the key to ending extreme poverty is to enable the poorest of the poor to get one foot on the ladder of development [given] the poorest of the poor are stuck beneath it. They lack the minimum amount of capital necessary to get a foothold, and therefore need a boost up to the first rung.”²²⁸ In this regard, it is believed that the lack of capital is the primary reason for poverty and the primary means to develop. The World Bank promotes the idea that “microfinance is not simply banking, it is a development tool.”²²⁹ However, critics such as Bateman assert that microcredit “has been

²²⁴ Milford Bateman, *The Rise and Fall of Muhammad Yunus and the Microcredit Model*. International Development Studies, Working Paper No 1, January. St. Mary’s University, Halifax, Canada. (2014).

²²⁵ Supra note 154, Harvey defines neoliberalism as “a theory of economic practices that propose human well being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade”

In *Free Markets and Human Freedom*, Dean Russell stated that “the free market economy and human freedom are mutually dependent; destroy one, and the other automatically falls”.

²²⁶ Don Johnston & Jonathan Morduch, *The Unbanked: Evidence from Indonesia*. The World Bank Economic Review, Vol. 22, no. 3, at 517-537, (2008).

²²⁷ Maria Otero, *Bringing Development Back into Microfinance*, Journal of Microfinance, Vol. 1, 9-19, (1999).

²²⁸ “Quotes on Microfinance” *Online: Microvisionmicro.org* 2015, available at: <http://www.worldvisionmicro.org/downloads/quotes.pdf>

²²⁹ Joanna Ledgerwood, *Microfinance Handbook: An Institutional and Financial Perspective*. World Bank (1999).

one of the most damaging interventions in recent economic/development policy history.”²³⁰ Bateman asserts that the microcredit model functions contradictory to that of the “developmental state”, which he describes as a form of state capacity that ensures financial resources that promote sustainable development and growth.²³¹ From his point of view, microcredit has also created a poverty trap.²³²

Poverty is one of the few reasons that three-quarters of the poor do not have a bank account.²³³ In 2015, it was estimated that there were approximately 2.5 billion financially excluded adults, with roughly 80 percent of those living under the poverty line having no accounts at formal financial institutions.²³⁴ In light of such statistics, efforts to promote financial inclusion quickly assumed primacy on the agenda. Servet argues the use of financial inclusion “mark[ed] a further retreat from the original goal of fighting poverty.”²³⁵ Schwittay states that microfinance forms the foundation and the boundary of financial inclusion.²³⁶ For Schwittay, financial inclusion is a global assemblage of subjects, technics, and rationalities whose primary purpose is to create financial products and services that are “poor-appropriate”.²³⁷

The Consultative Group to Assist the Poor (CGAP) recognized that microfinance is a “powerful instrument against poverty.”²³⁸ Instead, this thesis argues that although microfinance is promoted as a means to reduce poverty, microfinance operates in a manner that contributes to maintaining the world’s neoliberal system and, through maintaining this system, microfinance ultimately also maintains poverty.

The case study of microfinance in this thesis is used to illustrate the prevailing of neoliberal logic in the domain of strategies purported to alleviate poverty. More specifically, it is argued that microfinance institutionalizes poverty at the grassroots level

²³⁰ Supra note 224, at 3.

²³¹ *Id.*

²³² *Id.*

²³³ The Global Findex Database 2014 Measuring Financial Inclusion around the World. View at <http://www.worldbank.org/en/programs/globalfindex><http://www.worldbank.org/en/programs/globalfindex>

²³⁴ World Bank Group A to Z 2016

²³⁵ Servet J-M, *Microcredit*. In *The Human Economy: A Citizen’s Guide*. Keith Hart, Jean-Louis Laville & Antonio David Cattani. Cambridge: Polity Press, at 132, (2010).

²³⁶ Anke F. Schwittay, *The Financial Inclusion Assemblage: Subjects, Technics, Rationalities*. *Critique of Anthropology*, Vol. 31, no. 4, at 381-401, (2011).

²³⁷ *Id.*

²³⁸ World Bank. 2004. *Consultative Group to Assist the Poor (CGAP) Annual Report 2004*. Washington DC; World Bank. <http://documents.worldbank.org/curated/en/487491468162279048/Counsulative-Group-to-Assist-the-Poor-CGAP-annual-report-2004>

as a bottom-up intervention. The first section of this chapter outlines the history of microfinance. The second section provides a brief summary of how microfinance has been internationally recognized as a poverty reduction tool to further the pursuit of development. The third section argues that the impact of microfinance on poverty has been controversial and much contested, with much of the evidence in this field proving inconclusive. The fourth section describes emergence of microfinance in Egypt and various programs that have advanced to promote the microfinance industry. The chapter concludes by drawing together these threads to make the case that microfinance is a tool of inclusive neoliberalism that maintains rather than combats poverty.

A) The History of Microfinance

Although, microfinance has gained prominence within the last few decades, the ideas and objectives that form the foundation of microfinance have been deployed for centuries. Its roots can be traced from fifteenth century Catholic Church, the Irish Loan Fund System in the early 1700s, and the Indonesian People's Credit Banks in 1895.²³⁹

Following the trajectory of development discourse and neoliberal discourse as described in the second chapter of this thesis, the early 1970s was a critical year for the promotion of microfinance. Before the 1970s, developed states were regarded as the main duty-bearer for ensuring its citizens' welfare through social security, taxation, land reform, and subsidies. During the 1970s and 1980s, many debt-ridden nations transitioned from providing state-led services to market-led policies informed by the Structural Adjustment Programs required by the World Bank and the IMF as part of conditionalities attached to their loans. In 1976, Muhammad Yunus launched a microcredit program in Bangladesh to end "financial apartheid"²⁴⁰ and to create a world free of poverty. The Grameen Bank, a non-conventional bank, was founded in 1983 by the Bangladeshi government following the success of the initial program.²⁴¹ In 2006, Yunus and the Grameen Bank were awarded the Nobel peace prize "for their efforts to

²³⁹ Brigit Helms, *Access for all: Building Inclusive Financial Systems*. World Bank, Washington, DC, (2006).

²⁴⁰ Muhammad Yunus, *Microlending: Toward a Poverty-Free World*. Brigham Young University Studies, Vol. 38, no. 2, at 149–155, (1999).

²⁴¹ Grameen Bank History <http://www.grameen.com/history/>

create economic and social development from below.”²⁴² Since then many countries across five continents have used the Grameen model to begin microfinance programs. Grameen Bank established the use of credit as a tool to raise income for those under the poverty line through their engagement of economically productive activities.²⁴³ During the early 1990s, microcredit began to be replaced by microfinance.

B) Microfinance: A Panacea for Poverty?

The 1990s marked emerging interest from international institutions in the development community for microfinance as a poverty reduction strategy. International Development strategy abandoned exclusive focus on economic growth and came to be predicated on growth with poverty reduction through financial development.²⁴⁴ Financial development, as defined by the World Economic Forum, is comprised of “the factors, policies, and institutions that lead to effective financial intermediation and markets, as well as deep and broad access to capital and financial services.”²⁴⁵ Microfinance is one such policy of financial development.²⁴⁶

Microfinance is a provision of diverse small-scale financial services consisting of credit, savings, insurance, remittances, money transfers, and leasing, that are offered by microfinance institutions such as “NGOs, private commercial banks, state-owned and postal banks, non-bank financial institutions (such as finance companies and insurance companies) credit unions, and credit and savings cooperatives.”²⁴⁷ It provides poor and low-income people access to traditional banking services that they would otherwise be excluded from receiving because they are poor, illiterate or live in rural areas.²⁴⁸ Nine traditional features of microfinance include small transactions and minimum balances such as loans, savings, or insurance; loans for entrepreneurial activity; collateral free

²⁴² "The Nobel Peace Prize 2006". *Nobelprize.org*. Nobel Media AB 2014. Web. 31 Mar 2017. <http://www.nobelprize.org/nobel_prizes/peace/laureates/2006/>

²⁴³ Julie Drolet, *Women and Microcredit: Implications for Social and Economic Development*. Social Development Issues, Vol. 31, no. 1, Jan. at 55-68, (2009).

²⁴⁴ Hossein Jalilian & Colin Kirkpatrick, *Financial Development and Poverty Reduction in Developing Countries*. International Journal of Finance & Economics, Vol. 7, no. 2, at 97-108, (2002).

²⁴⁵ World Economic Forum, *The Financial Development Report 2012* view at http://www3.weforum.org/docs/WEF_FinancialDevelopmentReport_2012.pdf

²⁴⁶ Michael S. Barr, *Microfinance and Financial Development*. Mich. J. Int'l L. 26, no. 1, at 271-96, (2004).

²⁴⁷ Supra note 235, at 5.

²⁴⁸ Dean Karlan & Nathanael Goldberg, *Microfinance Evaluation Strategies: Notes on Methodology and Findings*. In *The Handbook of Microfinance*, Beatriz Armendariz and Marc Labie, Eds. London: World Scientific Publishing, Forthcoming, at 20, (2011).

loans; group lending; focus on poor clients; focus on female clients; simple application process; provision of services in underserved communities, and market-level interest rates.²⁴⁹ Typically not considered the “poorest of the poor,” microfinance clients are categorized as self-employed low-income entrepreneurs working as traders, street vendors, small farmers, hairdressers, artisans, seamstresses, blacksmiths, and other services of the like in the informal sector of urban and rural areas.²⁵⁰ Microfinance institutions offer financial services to borrowers without conventional collateral based on short terms of less than two years, conditioned on investment for productive capital rather than consumption, and at interest rates that are higher than those charged by formal sector banks but less than those charged by local moneylenders or loan sharks.²⁵¹

Microfinance has evolved over the years, expanding from microcredit to other financial services including savings, money transfers, and insurance. In February 1997, the Microcredit Summit Campaign convened delegates from 137 countries to encourage the use of microfinance to end extreme poverty. This began a nine-year global movement to reach 100 million of the worlds’ poorest “to restore control to people over their own lives and destinies.”²⁵² Following its achievements in reaching 7.6 million poor in 1997 the campaign to reach over 100 million in 2007, the Campaign was extended and regularly set goals to end poverty through microfinance. On December 18, 1997, the U.N. General Assembly passed Resolution 52/194 entitled the Role of Microcredit in the Eradication of Poverty, acknowledging that “microcredit programmes have proved to be an effective tool in freeing people from the bondage of poverty”, and encouraged its continued practice in convergence with the First United Nations Decade for the Eradication of Poverty.²⁵³

Microcredit continued to gain momentum internationally. In 1999, the UN General Assembly passed Resolution A/RES/53/197, deeming 2005 the International

²⁴⁹ *Id.* at 21.

²⁵⁰ *Id.* at 2.

²⁵¹ Jameel Jaffer, *Microfinance and the Mechanics of Solidarity Lending: Improving Access to Credit through Innovations in Contract Structures*, Harvard Law School John M. Olin Center for Law, Economics and Business Discussion Paper Series. Paper 254, (1999).

²⁵² Microcredit Summit Campaign, <http://www.microcreditsummit.org/about-the-summits2.html>

²⁵³ U.N. General Assembly, Role of Microcredit in the Eradication of Poverty: Resolution adopted by the General Assembly, 18 February 1998, A/RES/52/194, available at: <http://www.refworld.org/docid/3b00f34e20.html>

Year of Microcredit.²⁵⁴ It was seated to recognize the importance of microfinance in meeting the MDGs generally and alleviating poverty in particular. Then UN Secretary-General Kofi Annan proclaimed that “sustainable access to microfinance helps alleviate poverty by generating income, creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make the choices that best serve their needs.”²⁵⁵

Internationally, financial inclusion is regarded as important for economic and social development. It is founded on the belief that “access to a well-functioning financial system can economically and socially empower individuals, in particular poor people, allowing them to better integrate into the economy of their countries, actively contribute to their development and protect themselves against economic shocks.”²⁵⁶ More specifically, it recognizes that access to financial services has a critical role to play in reducing extreme poverty, enhancing shared prosperity, and supporting inclusive and sustainable development.²⁵⁷ Inclusive financial sectors are believed to enable people, the poor in particular, to invest in better education, health, housing, and nutrition for their children. In 2002, more than fifty heads of state and over 200 ministers of foreign affairs gathered at the International Conference for Financing for Development, acknowledging their goal “to eradicate poverty, achieve sustained economic growth and promote sustainable development as we advance to a fully inclusive and equitable global economic system.”²⁵⁸ The World Bank and the IMF were both active throughout the Conference. The Monterrey Consensus was adopted by the Conference recognizing that “microfinance and credit for micro, small and medium-sized enterprises, including in rural areas, particularly for women, as well as national savings schemes, are important for enhancing the social and economic impact of the financial sector.”²⁵⁹ It is through financial inclusion and access to credit that other human needs can be realized. Sen

²⁵⁴ U.N. General Assembly, 53rd Session. International Year of Microcredit, 2005. Resolution adopted by the General Assembly, 22 February 1999, A/RES/53/197.

²⁵⁵ General Assembly Greenlights Programme for the International Year of Microcredit 2005, Press release 29 December 2003. Dev/2452, view at <http://www.un.org/press/en/2003/dev2452.doc.htm>

²⁵⁶ Brigit Helms, *Access for All: Building Inclusive Financial Systems*. Washington, DC: World Bank. (2006). View at <https://openknowledge.worldbank.org/handle/10986/6973>

²⁵⁷ World Bank Global Report 2014

²⁵⁸ Report of the International Conference on Financing for Development, Monterrey, Mexico, 18–22 March 2002. A/CONF.198/11.

²⁵⁹ *Id.*

regards access to finance is an instrumental freedom.²⁶⁰ For this reason, Yunus considers credit to be a human right. He has asserted,

Every poor person must be allowed a fair chance to improve his/her economic condition. This can be easily done by ensuring his/her right to credit. If the existing financial institutions fail to ensure that right, it is the obligation of the state and the world community to help find alternative financial institutions, which will guarantee this fundamental human right. This is basic for the economic emancipation of the poor, in general, and poor women, in particular.²⁶¹

However, as Alston argues, the propagation of new rights instead of the realization of already existing rights can be more detrimental.²⁶² Gershman and Morduch raise two other issues regarding credit as a human right.²⁶³ They contend that advocacy for such a right does not provide policymakers or practitioner's guidance in terms of tradeoff and such a right does not confer a specific duty bearer.²⁶⁴ Following, the discussion on poverty and human rights in Chapter Two, human rights should be used if and only if they do not assume free market ideology. More importantly, in order to proclaim credit as a human right, there should be sufficient empirical evidence of its benefits to reduce poverty. The next section will provide an overview of the findings of studies undertaken to assess the impacts of microfinance.

C) The Poverty of Microfinance

In 1999, Morduch cautioned that alleviating poverty through subsidized credit was a development strategy used during the early 1950s through the 1980s that was unsuccessful.²⁶⁵ Although, microfinance continues to be touted as a poverty-reduction strategy, some studies have proven otherwise. Bateman and Chang have reported

²⁶⁰ Supra note 37, at 39.

²⁶¹ Muhammad Yunus, *Credit for Self-employment: A Fundamental Human Right*. Background paper prepared for World Food Day, at 6, (1986).

²⁶² Philip Alston, *Conjuring up New Human Rights: A Proposal for Quality Control*. *American Journal of International Law* 78 (3): at 617, (1984). Alston states "such a proliferation of new rights would be much more likely to contribute to a serious devaluation of the human rights currency than to enrich significantly the overall coverage provided by existing rights".

²⁶³ John Gershman & Jonathan Morduch, *Credit Is Not a Right*, Financial Access Initiative Research Framing Note, April 2011.

²⁶⁴ *Id.*

²⁶⁵ Jonathan Morduch, *The Microfinance Promise*. *Journal of Economic Literature*, Vol. 37, no. 4, at 1569–1614, (1999).

“microfinance meltdowns” in Bolivia in 1999 and in Morocco, Nicaragua, Pakistan, India and Bosnia starting in 2008.²⁶⁶ In an ethnographic study in Bangladesh, microfinance was found to intensify economic, social, and environmental vulnerabilities and lead to increased levels of indebtedness.²⁶⁷ For those whose micro-businesses fail, resorting to family savings, land, and other household assets is the last resort in repaying loans, leaving them deeper in poverty.²⁶⁸ Some microfinance institutions deliberately extend their services in order to gain the assets of their clients when businesses fail.²⁶⁹ Other microfinance institutions charge higher interest rates than the formal financial sector.²⁷⁰ For example, unsubsidized microfinance institutions charge interest rates of 40 to 50 percent for their loans, including the Grameen Bank in 2001, and in Mexico interest rates are reported to be 80 to 100 percent.²⁷¹

Microfinance was also found to undermine the role of social capital amongst the entrepreneurial poor.²⁷² Randomized control trials have been conducted in order to measure the impacts of microfinance programs on the poor, yielding inconclusive results.²⁷³ Although microfinance may have some positive impacts on business investment and outcomes over short periods, it does not yield long-term results for increasing income or reducing poverty.²⁷⁴ In a randomized study in Morocco, microfinance did not have distinguishable impact on health, education, female empowerment, or other social impacts.²⁷⁵ In a study on slum-dwellers in Hyderabad

²⁶⁶ Milford Bateman & Ha-Joon Chang, *Microfinance and the Illusion of Development: from Hubris to Nemesis in Thirty Years*. *World Economic Review*, 1(1), (2012).

²⁶⁷ Banerjee, S. B. & Jackson, L., *Microfinance and the business of poverty reduction: Critical perspectives from rural Bangladesh*. *Human Relations*, 70(1), at 63-91, (2017).

²⁶⁸ Supra note 224, at 9.

²⁶⁹ *Id.*

²⁷⁰ K. Kalpana, *Economic Entitlements via Entrepreneurial Conduct? Women and Financial Inclusion in Neoliberal India*. *Journal of World-Systems Research*, Vol. 21, no. 1, Winter/Spring at 50-68, (2015).

²⁷¹ Ha Joon Chang, *Poverty, Entrepreneurship, and Development*. October 2010. View at <https://www.wider.unu.edu/publication/poverty-entrepreneurship-and-development>

²⁷² Supra note 266.

²⁷³ Marcel Korth, Ruth Stewart, Carina van Rooyen & Thea de Wet. *Microfinance: Development Intervention or Just Another Bank?* *Journal of Agrarian Change*, 12: at 575–586, (2012).

²⁷⁴ See for example: *The Miracle of Microfinance? Evidence From a Randomized Evaluation*, (2009) by Abhijit Banerjee et al. and *Savings Constraints and Microenterprise Development: Evidence from a Field Experiment in Kenya*, (2009) by Pascaline Dupas and Jonathan Robinson, *Expanding Microenterprise Credit Access: Using Randomized Supply Decisions to Estimate the Impacts in Manila* by Dean Karlan and Jonathan Zinman, (2010).

²⁷⁵ Bruno Crépon, Florencia Devoto, Esther Duflo & William Pariente, *Estimating the Impact of Microcredit on those Who Take it Up: Evidence from a Randomized Experiment in Morocco*. *American*

India, the investigators also found that microcredit had no significant impact on health, education, or women's empowerment.²⁷⁶ This study also found that since the poor do not have basic education they do not have the right entrepreneurial skills to benefit from microfinance.²⁷⁷ Studies have also observed a marked decrease in primary school attendance among client households, education expenditure, and school enrollment.²⁷⁸ In 2009, a 1998 study that was celebrated for the positive impact of microfinance programs was revisited.²⁷⁹ The results of the new study found that the microfinance as a poverty reduction tool are inconclusive after removing the outliers.²⁸⁰ Additionally, microfinance programs have been criticized for not reaching the 'poorest of the poor'.²⁸¹

D) Microfinance in Egypt

Egypt is one of many countries that have incorporated microfinance within its national borders. The National Bank for Development began micro-lending in 1987 with the support of U.S. Agency for International Development (USAID).²⁸² In 1988, USAID offered a grant to the Alexandria Business Association, a community service organization, commencing the microfinance revolution in Egypt.²⁸³ In 1999, a study was undertaken to outline the microfinance initiatives to be adopted by the NBD.²⁸⁴ At the

Economic Journal: Applied Economics, Vol. 7, no. 1, at 123-150, (2015).

²⁷⁶ Abhijit Banerjee, Esther Duflo, Rachel Glennerster & Cynthia Kinnan, *The Miracle of Microfinance? Evidence from a Randomized Evaluation*. American Economic Journal: Applied Economics, Vol. 7, no. 1, at 22-53, (2015).

²⁷⁷ *Id.*

²⁷⁸ See for example: Joseph Kimos Adjei & Thankom Arun, *Microfinance Programmes and the Poor: Whom Are They Reaching? Evidence from Ghana*. Brooks World Poverty Institute Working Paper Series, (2009). Yasuharu Shimamura & Susana Lastarria-Cornhiel, *Credit Program Participation and Child Schooling in Rural Malawi*. World Development, 38 (4): 567-80, (2009). Carolyn Barnes, Gary Gaile & Richard Kibombo, *The Impact of Three Microfinance Programs in Uganda*. Washington, DC: Development Experience Clearinghouse, USAID, (2001).

²⁷⁹ David Roodman & Jonathan Morduch, *The Impact of Microcredit on the Poor in Bangladesh: Revisiting the Evidence*. The Journal of Development Studies, Vol. 50, no. 4, at 583-604, (2014).

²⁸⁰ *Id.*

²⁸¹ Asad K. Ghalib, *How Effective is Microfinance in Reaching the Poorest? Empirical Evidence on Programme Outreach in Rural Pakistan*. Journal of Business Economics and Management, Vol. 14, no. 3, at 467-480, (2013).

²⁸² Farrukh Iqbal & Nagwa Riad, *Commercial Microfinance in Egypt -The Case of the National Bank for Development*. Washington, D.C.: World Bank, (2004).

<http://documents.worldbank.org/curated/en/479921468763752521/Commercial-microfinance-in-Egypt-the-case-of-the-National-Bank-for-Development>

²⁸³ Ananya Roy, *Poverty Capital: Microfinance and the Making of Development*. Routledge, New York, at 151-152, (2010).

²⁸⁴ Rahul Dhumale, Amela Sapcanin & William Tucker, *Commercial Banking and Microfinance in Egypt: National Bank for Development - case study*. Washington, DC: World Bank. (1999).

time, the NBD was the only commercial bank that offered microloans ranging between USD 300 to USD 1,500 to the entrepreneurial poor on the assumption that microfinance could alleviate poverty while generating profit.²⁸⁵

Social Funds are institutions that were established as part of the structural adjustment programs.²⁸⁶ In Egypt, the Social Fund for Development was established in 1991 following Presidential Decree No. 40 and funded primarily by the World Bank, the United Nations Development Program (UNDP), the European Union, and the Arab Fund for a total of USD 572 million.²⁸⁷ It must be borne in mind that it is the donors of the Social Fund who create the agenda for development. Laws that fall under the purview of the operations of the Social Fund include, law 10/1981 on insurance control in Egypt, law 12/2003 on labor law, law 17/1999 on trade law, and law 95/1992 on capital markets. In 1999, the UNDP and the Social Fund began the MicroStart program to develop the microfinance sector in order to create jobs and reduce poverty.²⁸⁸

The promulgation of the Law on the Development of Small Enterprises 141/2004 illustrates the Egyptian government's commitment to developing its microfinance industry. In 2005, Egypt began its "National Strategy for Microfinance" and was implemented by the Central Bank of Egypt and funded by the UNDP, USAID, and the German Development Bank.²⁸⁹ The Strategy expressed commitment to "developing a microfinance industry in which sustainable financial services for lower market segments are integrated into the overall development of a broad, inclusive, and diverse financial sector" to the economically active poor rather than the destitute.²⁹⁰ Its adoption reconciled the tenets of the free-market with poverty alleviation.²⁹¹ In 2008, the Microfinance Information eXchange (MIX) and Sanabel published the Benchmarking Arab Microfinance 2006, reporting that 2.1% of the poor were served during the 2005/2006 fiscal years.²⁹² In 2014, Egypt adopted its first Microfinance Law No. 141 to

²⁸⁵ *Id.*

²⁸⁶ *Supra* note 283, at 174.

²⁸⁷ *Id.* at 159.

²⁸⁸ UNDP Country Evaluation: Assessment of Development Results

²⁸⁹ Towards a National Strategy for Microfinance in Egypt. View at <https://www.microfinancegateway.org/sites/default/files/mfg-en-paper-towards-a-national-strategy-for-microfinance-in-egypt-2005.pdf>

²⁹⁰ *Id.*

²⁹¹ *Supra* note 283.

²⁹² Benchmarking Arab Microfinance 2006, See Table 1 for summary.

regulate the operations of microfinance institutions.

According to 2014 World Bank statistics, micro and small enterprises account for 40% of total employment in Egypt. In 2014, the World Bank granted Egypt USD 300 million towards the Promoting Innovation for Inclusive Financial Access Project.²⁹³ In 2016, the Inclusive Regulations for Microfinance project funded by the World Bank worth USD 4 million established three combined goals: developing the legal and regulatory framework for microfinance; establishing and operationalizing the microfinance unit at the Egyptian Financial Supervisory Authority (EFSA); and promoting accountability, governance and consumer protection.²⁹⁴

Microfinance programs in Egypt are abundant. As with other nations, microfinance is founded on the tenets of free market ideology. The promotion of such programs by the international community, particularly international financial institutions, has political implications for the dissemination of services. The Social Fund for Development represents a “paradoxical combination of neoliberalism and state-led social protection” with microfinance as a functioning tool of this relationship that resolves the contradiction in favor of neoliberalism.²⁹⁵ In this respect, microfinance serves as a neoliberal tool.

E) The Neoliberalization of Microfinance

Advanced as a panacea for poverty reduction, microfinance entrenches neoliberalism into the lives of the poor. Neoliberalism and microfinance can be described as establishing a symbiotic relationship between the poor and the economy, whereby microfinance is believed to be beneficial to the economy underscored by the guarantee of economic freedom and opportunity. Despite its growing popularity, microfinance it has been criticized for “transforming the poor into the entrepreneur-client, being a poverty trap for the poor, reproducing the poverty cycle recursively and most crucially serving for

²⁹³ The World Bank Press Release, *Business Unusual: Accelerating Job Creation in Egypt Through Inclusive Lending*. April 1, 2014. View at <http://www.worldbank.org/en/news/press-release/2014/04/01/business-accelerating-job-creation-egypt>

²⁹⁴ World Bank. 2016. *Egypt - Inclusive Regulations for Microfinance Project*. Washington, D.C.: World Bank Group. <http://documents.worldbank.org/curated/en/986191468195006288/Egypt-Inclusive-Regulations-for-Microfinance-Project>

²⁹⁵ *Id.* at 150.

neoliberalism.”²⁹⁶ As one of the proclaimed principles of the Grameen Bank, and as recognized by Yunus, “poverty is not created by the poor, but by the institutions and policies which surround them.”²⁹⁷ However, the establishment of the Grameen Bank and the international microcredit and microfinance revolution that it sparked perpetuate poverty. This thesis argues that the promotion of microfinance is girded by neoliberal logic furthered by the World Bank and the IMF that impede any equitable progress towards the alleviation of poverty. More specifically, microfinance does not address the structural issues that impede poverty reduction but rather exacerbates them by the entrenchment of neoliberalism.

In her analysis on India, Kalpana argues that microfinance is “an emergent regulatory technology of neoliberal governmentality.”²⁹⁸ However, Lucarelli argues that although microfinance and microcredit have come to be acclaimed as “bearers of neoliberal ‘solutions’” they should not be believed to be the only solution to alleviating poverty.²⁹⁹ He claims that although such programs are considered successful in terms of market-based indicators, issues of poverty continued to persist in what he claimed to be the “ultimate paradox.”³⁰⁰ One of the reasons that Bateman and Chang provide for why microfinance undermines any equitable development or poverty reduction is its “strong political/ideological serviceability to the prevailing neoliberal/globalization model.”³⁰¹ The promotion of microfinance is regarded as a way to delegitimize all proposals, including but not limited to demands for state intervention and social welfare programs, for alternative development policies by the poor majority that may threaten the “power and freedom” of established minority elites.³⁰² In accordance with Gramscian analysis, microfinance appears to remedy the incidence of poverty by providing the poor with financial opportunities to escape their poverty without making any significant

²⁹⁶ Ayten Davutoğlu, *Two Different Poverty Reduction Approaches: Neoliberal Market Based Microfinance Versus Social Rights Defender Basic Income*. *International Journal Of Social Inquiry* 6.1, 39-47, (2013).

²⁹⁷ Muhammad Yunus, *Grameen Bank, Microcredit and Millennium Development Goals*, *Economic and Political Weekly* 39(36): at 4077–80, (2004).

²⁹⁸ *Supra* note 270.

²⁹⁹ Bill Lucarelli, *Microcredit: A Cautionary Tale*. *Journal of Contemporary Asia*, 35:1, at 78-86. (2005).

³⁰⁰ *Id.* at 9.

³⁰¹ Milford Bateman & Ha-Joon Chang, *The Microfinance Illusion*, <http://www.econ.cam.ac.uk/faculty/chang/pubs/Microfinance.pdf>, at 6, (2009).

³⁰² Milford Bateman & Ha-Joon Chang, *Microfinance and the Illusion of Development: from Hubris to Nemesis in Thirty Years*. *World Economic Review*, 1(1), at 24, (2012).

concessions or changing the living circumstances of the poor. Microfinance is thus a palliative measure prescribed by the IFIs and international development institutions to the poor without possessing any substantial poverty reducing capability. As advanced by Ellerman, microfinance is “yet another faddish form of unhelpful help, an anti-development intervention that produces a short-run benefit but may misdirect and undermine sustainable development and poverty reduction in the longer run.”³⁰³ Thus, although microfinance may be beneficial in addressing short-term concerns, it is not a viable solution to answer development and poverty in the long term.

Although a heralded poverty reduction strategy and development tool, microfinance is draped in the logic of neoliberalism. Roy advances the claim that microfinance is the “handmaiden” to neoliberalism and free market ideologies and is component of what she terms as “poverty capital”.³⁰⁴ Microfinance, as Bateman and Chang contend, “offers to neoliberals a highly visible way of being seen to be addressing the issue of poverty, but in a way that offers no challenge whatsoever to the distorted structures of wealth and power that historically are mainly responsible for the creation and perpetuation of poverty.”³⁰⁵ Feiner and Barker argue that the idea of microcredit underpins the neoliberal logic that individuals are the masters of their fate and explains why Yunus was awarded the Nobel Peace Prize in 2006.³⁰⁶ Furthermore, they believe that such programs neglect solutions that address the structural conditions that create poverty. As such, microfinance represents yet another palliative solution for the poor.

Following the Gramscian theory of consent, Bateman asserts that as long “as the poor can be instructed that their ultimate salvation lies in the microcredit model”, the issues surrounding the structure of the economic system that “perpetually creates the multiple horrendous realities that microcredit purports to address” will continue to go unaddressed by the political authorities.³⁰⁷ However, following Sen, “the deprived people

³⁰³ David Ellerman, *Microfinance: Some conceptual and methodological problems*, in Thomas Dichter and Malcolm Harper (eds.), *What's wrong with Microfinance?* London: Practical Action Publishers, at 149-161, (2007).

³⁰⁴ *Supra* note 283.

³⁰⁵ *Id.* at 25.

³⁰⁶ Susan Feiner & Drucilla Barker, *Microcredit and Women's Poverty – Granting this year's Nobel Peace Prize to microcredit guru Muhammad Yunus affirms neoliberalism*. *The Dominion*, Issue 42, 17 January, (2007).

³⁰⁷ *Supra* note 224, at 29.

tend to come to terms with their deprivation because of the sheer necessity of survival, and they may, as a result, lack the courage to demand any radical change, and may even adjust their desires and expectations to what they unambitiously see as feasible. The mental metric of pleasure or desire is just too malleable to be a firm guide to deprivation and disadvantage.”³⁰⁸ In his analysis of the “Mecca of Microfinance” in the state of Andhra Pradesh in India, Marcus argues within neoliberal development discourse that the poor are integrated into the financial sector as “entrepreneurial subjects” premised on the belief it will enable them to escape their poverty.³⁰⁹ As long as the foundation of microfinance is predicated on the economic freedom and opportunity of the markets,³¹⁰ the poor will be included, bound, and trapped within the neoliberal hegemony that creates and sustains their poverty.

Microfinance has gained popularity for its ability to provide access to financial services to the poor. In this Chapter, it is assessed in relation to the hegemonic power of neoliberalism. Microfinance has grown popular for its promise to reduce poverty by providing them with access to financial services to help in integrating the poor into the market. However, the financial inclusion of the poor is inadequate given the multidimensionality of poverty. In this regard, it is believed that the poor must first possess human capital. Conditional Cash Transfer programs are believed to provide the ladder with which the poor can climb out of their poverty trap whereby then they can efficiently utilize microfinance services.³¹¹ This poverty reduction strategy is assessed in the next chapter.

³⁰⁸ Supra note 44, at 63.

³⁰⁹ Marcus Taylor, *Freedom from Poverty Is Not for Free: Rural Development and the Microfinance Crisis in Andhra Pradesh, India*. *Journal of Agrarian Change*, vol. 11, no. 4, October, at 484-504, (2011).

³¹⁰ Supra note 283, at 26.

³¹¹ *Id.* at 4.

V. Conditional Cash Transfers

The failure of structural adjustment programs to promote growth and to reduce poverty led to another reconceptualization of development. At the onset of the millennium, against the backdrop of global economic crises as a result of the failure of structural adjustment programs, development policy began to emphasize social protection.³¹² The emergence of social protection is reminiscent of Keynesian social policy, whereby the use of public spending and investments in health and education can help to alleviate poverty and inequality and ultimately boost economic growth.³¹³ The emergence of social protection marked an important paradigm shift in development policy and poverty reduction strategies. Conditional Cash Transfer programs (hereinafter CCTs) are one form of social protection.

Since the 1990s, CCT programs have been implemented at unusual rates in both developing and developed countries as a means to reduce inequality and intergenerational poverty, to promote child health, nutrition, and schooling, and to help meet the Millennium Development Goals.³¹⁴ Accordingly, CCT programs are one of the most significant global social policy tools since social security.³¹⁵ In one of the most comprehensive overviews on conditional cash transfers, the World Bank specified one of the major functions of CCTs as “transfer[ing] cash while asking beneficiaries to make pre-specified investments in child education and health.”³¹⁶ Such investments are argued to be critical to ensuring human capital development.

In 2004, the president of the Center for Global Development, Nancy Birdsall, referred to CCT programs “as close as you can come to a magic bullet in development.”³¹⁷ In this view, the ‘magic bullet’ is that investments in children’s human

³¹² Yusuf Bangura, *Combating Poverty and Inequality: Structural Change, Social Policy and Politics*. United Nations Research Institute for Social Development, Geneva, at 137, (2010).

³¹³ Sudhanshu Handa, Stephen Devereux & Douglas Webb. *Social Protection for Africa's Children*. Vol. 86. Routledge, Milton Park, Abingdon, Oxon; New York; at 6, (2011).

³¹⁴ *Id.* at 1.

³¹⁵ Gaspar Fajth & Claudia Vinay, *Conditional Cash Transfers: A Global Perspective*. MDG Insights Issue 1, February 2010.

³¹⁶ Ariel Fiszbein, Norbert Schady, Francisco H.G. Ferreira, Margaret Grosh, Niall Keleher, Pedro Olinto, & Emmanuel Skoufias, *Conditional Cash Transfers: Reducing Present and Future Poverty*. World Bank Policy Research Report. Washington, DC: World Bank, (2009). View at <https://openknowledge.worldbank.org/handle/10986/2597>

³¹⁷ Ceclia W. Dugger, New York Times. *To Help Poor Be Pupils, Not Wage Earners, Brazil Pays Parents*, 3 January 2004. Available at <http://www.nytimes.com/2004/01/03/world/to-help-poor-be-pupils-not-wage-earners-brazil-pays-parents.html> Birdsall was specifically referring to Brazil’s CCT program Bolsa Familia.

capital possess the key to economic growth and development of their nations.³¹⁸ As was argued in the case of microfinance, the logic of neoliberalism is embedded in CCT programs. The first section of this chapter details the emergence of the concept of social protection in international development thinking, which gives the credence to CCT programs. The section also locates social protection in a human rights context. The second section provides a detailed account of CCT programs. The final section describes how neoliberal logic is embedded in CCT programs.

A) Social Protection in International Development

Social protection has been a component of maintaining living standards of developed countries since the onset of the welfare state in the late nineteenth century. More recently, social protection has also become a component of development strategies for developing states to redress the social problems that structural adjustment programs exacerbated. Concerted efforts between multi-lateral, bilateral, and non-governmental development actors have been made in efforts to ensure social protection.³¹⁹

In 1987, UNICEF called for ‘adjustment with a human face’, acknowledging the suffering and human damage caused by development policies prescribed for much of the developing world since the 1970s.³²⁰ In its report, UNICEF conveyed the urgent nature of addressing human rights concerns and the necessity of investing in human capital. UNICEF’s report introduced an era whereby human development became the imperative.

During the mid-1990s, the World Bank developed a social protection strategy to address the negative impacts structural adjustment programs were having on developing countries.³²¹ In 1990, the first Human Development Report acknowledged that “people are the real wealth of nations”³²² and that development consisted of the realization of human capabilities and investments in particular in health and education.

³¹⁸ Gregory Mankiw, *The Principles of Macroeconomics*. 5th Edition, at 259-260, (2008).

³¹⁹ Cash Transfers Evidence Paper, Policy Division 2011. Department for International Development, at 25. These include the World Bank, the IMF, the EU, and United States Agency for International Development, Save the Children, and Care International.

³²⁰ Giovanni A. Cornia, Richard Jolly & Frances Stewart, *Adjustment with a Human Face*. Clarendon Press, New York; Oxford [Oxfordshire], (1987).

³²¹ David Hulme & Armando Barrientos, *Social Protection for the Poor and Poorest in Developing Countries: Reflections on a Quiet Revolution*. Oxford Development Studies, Vol. 37, no. 4, at 439-456, (2009).

³²² UNDP, Human Development Report 1990, United Nations Development Programme, New York, (1990).

The U.N. Committee for Development affirmed the importance of people-centered development, meaning the expansion of human capabilities through the process of economic development.³²³ The World Bank's 1990 World Development Report recommended human capital development and creation of social safety nets to reduce poverty. Social protection continued to gain traction as an anti-poverty instrument. For example, the 1995 World Summit for Social Development recognized under its Second Commitment that states should ensure that everyone has "economic and social protection during unemployment, ill health, maternity, child rearing, widowhood, disability and old age."³²⁴

Social protection encompasses a wide array of conceptions.³²⁵ Social protection are considered by some as either a new label for traditional welfare programs, a social safety to mitigate risks and shocks, a provision of health, education, and food subsidies, or a transformative view that encompasses social and economic rights and equity and empowerment.³²⁶ Given these different perspectives, social protection can perhaps best be defined as "all public and private initiatives that provide income or consumption transfers to the poor, protect the vulnerable against livelihood risks and enhance the social status and rights of the marginalised; with the overall objective of reducing the economic and social vulnerability of poor, vulnerable and marginalised groups."³²⁷ This working definition depicts social protection as encompassing an integration of social assistance, social services, social insurance, and social equity.³²⁸ The purpose of social protection is to provide those often excluded with services that help in mediating economic and social conditions that are out of their control.

In 2004, the World Commission on the Social Dimension of Globalization stated, "a certain minimum level of social protection needs to be an accepted and undisputed part

³²³ Human Development Report 1990, Chapter 4.

³²⁴ United Nations, The Copenhagen Declaration and Programme of Action: World Summit for Social Development 6-12 March 1995, New York, United Nations Department of Publications, (1995).

³²⁵ Stephen Devereux & Rachel Sabates-Wheeler, *Transformative Social Protection*. IDS Working Paper 232, Brighton: IDS, at 3, (2004).

³²⁶ *Id.*

³²⁷ *Id.*

³²⁸ *Id.*

of the socio-economic floor of the global economy.”³²⁹ This is reflected in the 2007 G8 Summit Declaration, which recognized social protection “as an investment in a country’s economic future and a cost-effective way of fighting poverty.”³³⁰ In 2009, the Social Protection Floor Initiative was introduced by the International Labor Organization (ILO) with support from the U.N. recognizing the significance of social protection in national development strategies in addressing the multi-dimensional causes of poverty including deprivations related to work, education, healthcare, food security, and income security. In this respect, access to social services is believed to “[...] increase the chances that individuals and their families can lift themselves out of poverty and live dignified and productive lives.”³³¹

More significantly, social protection was asserted to be a vital component of six of the eight MDGs regarding the eradication of poverty and hunger, access to universal primary education, promotion of gender equality and women empowerment, reducing child mortality, improving maternal health, and combatting diseases such as HIV and malaria.³³² In 2010, the General Assembly recognized that “promoting universal access to social services and providing social protection floors can make an important contribution to consolidating and achieving further development gains” in its outcome document for the MDGs Summit.³³³ By 2012, 185 states had adopted the ILO Social Protection Floors Recommendation, No. 202.³³⁴ Social protection has continued to generate international attention to efforts for its implementation.

Given that 80% of the global population did not have access to social protection

³²⁹ World Commission on the Social Dimension of Globalization: A fair globalization – Creating opportunities for all, at 110, (2004).

³³⁰ G8 Summit Declaration 2007, Growth and Responsibility in the World Economy, view at http://www.g-8.de/Content/EN/Artikel/_g8-summit/anlagen/2007-06-07-gipfeldokument-wirtschafteng,templateId=raw,property=publicationFile.pdf/2007-06-07-gipfeldokument-wirtschaft-eng.pdf

³³¹ Supra note 316, at 161.

³³² Social Protection: Accelerating the MDGs with Equity. Social and Economic Policy Working Briefs. August 2010 UNICEF Policy and Practice. View at [https://www.unicef.org/socialpolicy/files/Social_Protection_Accelerating_the_MDGs_with_Equity\(1\).pdf](https://www.unicef.org/socialpolicy/files/Social_Protection_Accelerating_the_MDGs_with_Equity(1).pdf)

³³³ Keeping the promise: united to achieve the Millennium Development Goals, A/65/L.1 17 September 2010.

³³⁴ ILO Social Protection Floors Recommendation adopted, view at <http://www.social-protection.org/gimi/gess/ShowNews.action?id=13089>

in 2012, social protection is included as part of the post-2015 UN development agenda.³³⁵ In 2015, social protection was recognized and acknowledged during the Third International Financing for Development Conference held in Addis Ababa. More significantly, under the first U.N. Sustainable Development Goal to “end poverty in all of its forms everywhere”, social protection is to be implemented as part of national systems and floors.³³⁶ It is also referenced under SDG 5, to achieving gender equality and empowerment for all women and girls and SDG 10 to reducing inequality within and among countries.

The International Labour Organization (ILO) and the World Bank have also recognized that social protection is a primary development priority in the twenty-first century. They espouse the collective objective “[T]o increase the number of countries that can provide universal social protection, supporting countries to design and implement universal and sustainable social protection systems.”³³⁷ As advocated by the ILO and the World Bank, universal social protection prevents and reduces poverty, contributes to economic growth, promotes human development, enhances human capital, protects against shocks, and builds social peace by reducing social inequalities.³³⁸ Social protection is regarded as central to achieving the World Bank’s twin goals of ending poverty and boosting shared prosperity.³³⁹ In the 2000/2001 World Development Report, social protection was regarded as both a tool in analysis and for action in the 1998 Comprehensive Development Framework introduced by then World Bank President James Wolfensohn.³⁴⁰

³³⁵ ECA, ILO, UNCTAD, UNDESA and UNICEF, *Social Protection: A development Priority on the post 2015 UN Development agenda*. UN System Task Team on the Post 2015 UN Development Agenda, (2012).

³³⁶ Report of the Secretary General, Progress towards the Sustainable Development Goals. J June 2016, E/2016/75.

³³⁷ The World Bank Group and ILO Universal Social Protection Initiative Concept Note, view at http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/genericdocument/wcms_378996.pdf

³³⁸ *Id.*

³³⁹ World Bank, ILO Announce New Push for Universal Social Protection, Press release September 21, 2016.

³⁴⁰ Ravi Kanbur, Christina Malmberg Calvo, Monica Das Gupta, Christian Grootaert, Victoria Kwakwa, Nora Lustig, *World Development Report 2000/2001: Attacking Poverty*. World Development Report. Washington, DC: World Bank Group, (2000). View at <http://documents.worldbank.org/curated/en/230351468332946759/World-development-report-2000-2001-attacking-poverty>

Cash transfers are one kind of social safety net provided and supported by the World Bank's 2012-2022 Social Protection and Labor Strategy.³⁴¹ Although, social safety nets were traditionally perceived by the World Bank as mechanisms for redistributing income and improving the welfare of those unable to participate in productive activities, social safety nets have increasingly become critical to growth.³⁴² CCT programs have come to be seen as the panacea for the World Bank's poverty reduction efforts.³⁴³ This is illustrated in World Bank organizing a number of international conferences, including in Mexico in 2002, in Brazil in 2004, and Istanbul in 2006, to share experiences of CCT programs.³⁴⁴ The development of CCT programs in Indonesia and the Philippines are a direct result of the 2006 CCT conference in Istanbul.³⁴⁵ The World Bank also organizes study tours to disseminate CCT knowledge, including program design and implementation details.³⁴⁶

During the fiscal years of 2000-2010 the World Bank lent USD 11.5 billion to social protection schemes around the world, including CCTs in particular.³⁴⁷ In 2016, the World Bank lent USD3.6 billion on social protection programs. In order to finance universal social protection coverage, countries have implemented a range of strategies including re-allocating public expenditures, increasing tax revenues, using the reductions of debt or debt servicing, and expanding social security coverage and contributory revenues.³⁴⁸

In order to fulfill its mandate, the IMF has supported programs to help governments secure social spending for the most vulnerable in society in Rwanda, the

³⁴¹ World Bank, *Resilience, Equity, and Opportunity: the World Bank's social protection and labor strategy 2012-2022*. Washington, DC: World Bank, (2012). View at <http://documents.worldbank.org/curated/en/443791468157506768/Resilience-equity-and-opportunity-the-World-Banks-social-protection-and-labor-strategy-2012-2022>

³⁴² Jennie I. Litvack, *Social safety nets: An Evaluation of World Bank support, 2000-2010*. Washington, DC: World Bank, <http://documents.worldbank.org/curated/en/454481468165258565/Social-safety-nets-an-evaluation-of-World-Bank-support-2000-2010>, at 1, (2011).

³⁴³ Lucy Luccisano, *The Mexican Oportunidades Program: Questioning the Linking of Security to Conditional Social Investments for Mothers and Children*, *Canadian Journal of Latin American and Caribbean Studies*, 31(2): 53–85, (2006).

³⁴⁴ *Id.* at 22.

³⁴⁵ *Id.*

³⁴⁶ *Supra* note 342, at 23.

³⁴⁷ *Id.*

³⁴⁸ *Id.*

Solomon Islands, Greece, Haiti, and Jordan.³⁴⁹ Between 1985 and 1998, thirty-two low-income countries supported by the IMF made on average, 4.3% and 4.2% increase in spending per capita, on education and health respectively.³⁵⁰ For the IMF, the size and quality of social spending can be beneficial for growth and poverty reduction.

B) Human Rights Approach to Social Protection

Ensuring social protection for all, including the most vulnerable in society, represents a fundamental human right. It has been asserted that there is “a strong and symbiotic relationship between human rights and social protection.”³⁵¹ Social protection programs have been advanced as instruments that can help states fulfill their international human rights obligations.³⁵² Social protection integrates fundamental components of human rights such as equality, non-discrimination, and participation.

The ILO and other UN bodies use the terms ‘social protection’ and ‘social security’ interchangeably to “refer to the benefits in cash or in kind to secure protection in case of social risks and needs.”³⁵³ These benefits include cash transfer schemes, public work programs, school stipends, social pensions, unemployment or disability benefits, food vouchers, and subsidized services. CCT programs represent only one category of social protection.

In 2009, the United Nations Special Rapporteur, Magdalena Sepúlveda, analyzed the human rights implications of social protection programs. In this endeavor, cash transfer programs were recognized for their potential to assist in the realization of the right to an adequate standard of living including adequate food, clothing and housing and the right to social security, right to education, and the right to the highest attainable standard of health.³⁵⁴

The realization of social protection is embedded in a number of human rights instruments. Article 22 of the Universal Declaration of Human Rights affords the right to

³⁴⁹ Protecting the Most Vulnerable under IMF-supported programs. International Monetary Fund Factsheet.

³⁵⁰ IMF Initiatives in Support of Social Development. World Summit for Social Development and Beyond June 2000 Follow-up. View at <https://www.imf.org/external/np/fad/wldsum/120600.htm#III>

³⁵¹ Magdalena Sepúlveda & Carly Nyst, *The Human Rights Approach to Social Protection*, at 25, (2012).

³⁵² Wouter Van Ginneken, *Social protection, the Millennium Development Goals and Human Rights*. *Ids Bulletin-Institute of Development Studies*, 42(6), at 111–117, (2011).

³⁵³ ILO World Social Security Report 2010/2011: Providing coverage in time of crises and beyond

³⁵⁴ Report of the independent expert on the question of human rights and extreme poverty, Magdalena Sepúlveda Carmona, A/HRC/11/9 27 March 2009.

social security to all members of society through national effort and international co-operation.³⁵⁵ Article 25(1) states “everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.”³⁵⁶ The realization of social security and social insurance are enshrined in Article 9 the International Covenant on Economic, Social and Cultural Rights.³⁵⁷ The Committee on Economic, Social, and Cultural Rights asserts that states are required “to ensure access to a social security scheme that provides a minimum essential level of benefits to all individuals and families that will enable them to acquire at least essential health care, basic shelter and housing, water and sanitation, foodstuffs, and the most basic forms of education.”³⁵⁸ Article 28 of the Conventions on the Rights of Persons with Disabilities espouses adequate standard of living and social protection.³⁵⁹ The Convention on the Rights of the Child recognizes a child’s right to social security and social insurance in Article 26.³⁶⁰ In Convention No. 102 of the ILO minimum standards of social security is affirmed.³⁶¹ Together, all of these instruments reflect the importance of the realization of social protection to all members of society.

C) Conditional Cash Transfer Programs

In recent years, the impact of conditional cash transfer programs as effective tools for poverty reduction has gained increasing attention internationally.³⁶² CCT programs are also believed to improve the health, nutrition, education outcomes of its beneficiaries while empowering them, and stimulating economic productivity and growth.³⁶³

³⁵⁵ Universal Declaration of Human Rights, G.A. Res. 217A (III), U.N. Doc. A/810 at 71 (1948).

³⁵⁶ Universal Declaration of Human Rights, G.A. Res. 217A (III), U.N. Doc. A/810 at 71 (1948).

³⁵⁷ International Covenant on Economic, Social and Cultural Rights, Dec. 16, 1966, S. Treaty Doc. No. 95-19, 6 I.L.M. 360 (1967), 993 U.N.T.S. 3.

³⁵⁸ CESCR, General Comment No. 19, & Para 59.

³⁵⁹ Convention on the Rights of Persons with Disabilities, Dec. 13, 2006, 2515 U.N.T.S.3.

³⁶⁰ Convention on the Rights of the Child, Nov. 20, 1989, 1577 U.N.T.S. 3.

³⁶¹ ILO Convention (No 102) concerning Minimum Standards of Social Security (adopted 28 June 1952, entered into force 27 April 1955) 210 UNTS 131.

³⁶² César P. Bouillon & Luis R. Tejerina, *Do We Know What Works? A Systematic Review of Impact Evaluations of Social Programs in Latin America and the Caribbean*. Working Paper, Unit Poverty Inequality, Department of Sustainable Development, International Development Bank. Washington, D.C., (2006).

³⁶³ Cash Transfers Evidence Paper, Policy Division 2011. Department for International Development, at 15.

The implementation of CCTs in 1997 in Mexico, Brazil, has spread to Bangladesh, most of Latin America, Jamaica, Yemen, Nigeria, Turkey, India, Cambodia, and the Philippines and more by 2008. Currently, the World Bank supports CCTs in Latin America, Eastern Europe, and across the Far East.³⁶⁴ As of 2014, the World Bank reported that there were 64 CCT programs operating worldwide, a significant increase from just two in 1997.³⁶⁵

CCT programs represent a paradigm shift in conventional approaches to poverty reduction. Whereas, earlier beliefs viewed expenditures on social protection programs as unnecessary impediments to growth, contemporary views reflect the importance of social protection on generating future growth through investments on human capital.³⁶⁶ In the context of the analysis in the previous chapter on microfinance, proponents of CCT argue that poor people need a minimum income before they can make use of microfinance services.³⁶⁷ CCT programs have become a popular intervention of choice for poverty alleviation and in some countries such as Brazil, Ecuador, and Mexico CCT programs have become the most prevalent social assistance program.³⁶⁸

As recognized by the ILO, CCT programs are “a special form of social assistance schemes which provides cash to families subject to the condition that they fulfill specific behavioral requirements.”³⁶⁹ Like traditional welfare programs, CCT programs attempt to redistribute income and increase consumption levels of families living in extreme poverty.³⁷⁰ In general, all CCT programs are implemented in the short term to increase income and alleviate poverty. In the medium-term its aim is to positively impact

³⁶⁴ Andrea Vermehren, *Conditional Cash Transfer Programs an Effective Tool for Reaching the Poorest and Most Vulnerable*. En breve; no. 36. Washington, DC: World Bank, (2003).
<http://documents.worldbank.org/curated/en/395711468753260976/Conditional-cash-transfer-programs-an-effective-tool-for-reaching-the-poorest-and-most-vulnerable>

³⁶⁵ Maddalena Honorati, Ugo Gentilini, Ruslan G. Yemtsov, *The State of Social Safety Nets 2015*. Washington, D.C: World Bank Group, (2015).

<http://documents.worldbank.org/curated/en/415491467994645020/The-state-of-social-safety-nets-2015>

³⁶⁶ Sri Wening Handayani & Clifford Burkley, *Social Assistance and Conditional Cash Transfers Proceedings of the Regional Workshop*, Asian Development Bank, at 21, (2010).

³⁶⁷ *Supra* note 17, at 80.

³⁶⁸ *Supra* note 279, at 29.

³⁶⁹ View at <http://www.social-protection.org/gimi/gess/ShowTheme.action?id=2845#tabs-1>

³⁷⁰ Michael P. Smith, Saara Koikkalainen & Leticia J. Casanueva, *The Oligarchic Diffusion of Public Policy: Deploying the Mexican “Magic Bullet” to Combat Poverty in New York City*. *Urban Affairs Review*, Vol. 50, no. 1, at 10, (2014).

the productive capabilities of the poor.³⁷¹ In the long term, CCT programs are implemented to increase human capital by breaking the inter-generational cycle of poverty.³⁷²

Under this common objective, CCT programs vary in target population, eligibility, program components, and benefits provided. Eligibility is determined using proxy means testing of geographic unit and household selection targeting.³⁷³ In design, CCT programs target “poor households that underinvest in the human capital of their children.”³⁷⁴ Such programs represent a supply and demand structure; the supply is the social service and the cash transfer is the demand. The cash transfer paradigm is premised on four principles: it is rights-based, it is non-contributory, it is long term covering a significant part of the population, and it is perceived as being an integral component of development strategy.³⁷⁵ Like microfinance programs, CCT programs aim to reach those in the informal sector. CCT programs give transfers to targeted poor households, usually to the mothers of the household; in return for the fulfillment of pre-specified obligations satisfying some form of human development. For example, CCT programs commonly require school enrollment, regular school attendance, regular medical checkups, and scheduled vaccinations for children under the age of 5.

Unlike most strategies, CCT programs first emerged in the developing middle-income countries of the South. The expansion of CCT programs has been so powerful that the United States piloted its first CCT program, Opportunity NYC, in New York City in 2008.³⁷⁶ The implementation of CCT programs originated in Latin America during the mid-1990s in response to macroeconomic policies and economic crisis. In 1997 a CCT program named Salud y Alimentación (Progresá) was launched in Mexico under President Ernesto Zedillo, now known as Programa de Desarrollo Humano

³⁷¹ Cash Transfers Evidence Paper, Policy Division 2011. Department for International Development, at 15.

³⁷² Degol Hailu & Fabio Veras Soares, *Cash Transfers Lessons From Africa and Latin America*. Poverty in Focus Report 15, International Poverty Centre, Brasilia (2008).

³⁷³ Simone Cecchini & Aldo Madariaga. *Conditional Cash Transfer Programmes: The Recent Experience in Latin America and the Caribbean*. United Nations Economic Commission for Latin America and the Caribbean (ECLAC). Chile. United Nations, at 14, (2011).

³⁷⁴ Supra note 316, at 22.

³⁷⁵ Supra note 316, at 20-21.

³⁷⁶ Supra note 372.

Oportunidades.³⁷⁷ Progres/Oportunidades provides financial support to families conditioned on efforts to promote the education, nutrition, and health of their children.³⁷⁸ The educational component of Progres/Oportunidades has three elements: firstly, girls and boys who have at least 85% attendance each month receive monthly cash allowance for 10 months each year; secondly, a one time cash transfer is given to those who complete high school; and thirdly, subsidies are given for school supplies. In regards to meeting the nutritional component of the program of making regular visits to a health clinic, families receive a monthly stipend of cash and in-kind benefits.³⁷⁹ Progres/Oportunidades has since served as the blueprint for other World Bank sponsored CCT programs.³⁸⁰ In 2007, it reached 5 million families with a budget of USD 3.2 billion, compared to its USD 58.8 million budget at the time of its inception that covered 300,000 families.³⁸¹

Bolsa Escola/Familia, or “Family Allowance”, began in Brazil during its transition to democracy following a 21-year military dictatorship.³⁸² This CCT program is one of the first and largest CCT programs worldwide began as part of a flagship initiative social strategy, “Zero Hunger”.³⁸³ It consists of collaboration between the Brazilian government, the ILO, the World Bank, USAID, and UNICEF.³⁸⁴ The primary objectives of Bolsa Escola/Familia are the reduction of child labor and access to remedial education and training. In 1990, Programa de Asignación Familiar was created in Honduras to support those who were negatively affected by structural adjustment.³⁸⁵ In Nicaragua, the Red de Protección Social began in 2000 as a joint effort by Nicaraguan officials and the

³⁷⁷ Julia Sant’Anna, *Oportunidades and Bolsa Familia: Breaking the Intergenerational Cycle of Poverty?* Paper presented at the IPSA-ECPR Conference, Sao Paulo, February 16-19 2011, Cited in Michael P. Smith, Saara Koikkalainen, & Leticia J. Casanueva, *The Oligarchic Diffusion of Public Policy: Deploying the Mexican “Magic Bullet” to Combat Poverty in New York City*. *Urban Affairs Review*, Vol. 50, no. 1, at 3-33, (2014).

³⁷⁸ Supra note 325.

³⁷⁹ Michael P. Smith, Saara Koikkalainen & Leticia J. Casanueva, *The Oligarchic Diffusion of Public Policy: Deploying the Mexican “Magic Bullet” to Combat Poverty in New York City*. *Urban Affairs Review*, Vol. 50, no. 1, at 3-33, (2014).

³⁸⁰ Sarah Bradshaw, *From Structural Adjustment to Social Adjustment: A Gendered Analysis of Conditional Cash Transfer Programmes in Mexico and Nicaragua*. *Global Social Policy*, Vol. 8, no. 2, at 188-207, (2008).

³⁸¹ Supra note 372.

³⁸² *Id.*

³⁸³ *Id.*

³⁸⁴ Armando Barrientos & Rebecca Holmes, *Social Assistance in Developing Countries Database*. Brighton: Institute of Development Studies, (2006).

³⁸⁵ Supra note 372.

Inter-American Development Bank modeled after Progresa.³⁸⁶ CCT programs have been implemented across the world and range from only a few thousands in Nicaragua to reaching 11 million people in Brazil.³⁸⁷ With regards to budget, CCT programs cost from 0.08% of GDP in Chile to 0.50% of GDP in countries such as Brazil, Ecuador, and Mexico.³⁸⁸

It has been found that the poverty reducing capabilities of CCT programs are small in that they do increase individual household incomes but do not lift households above the poverty threshold.³⁸⁹ Furthermore, studies have found that although CCT programs reduce the intensity of poverty it does not reduce the incidence of poverty in the short term.³⁹⁰ While, cash transfers enable the poor with demand-side related barriers, CCT programs have not yielded much success in improving the final outcomes of participation in health and education programs due to issues relating to the supply-side of programs.³⁹¹ For example, while CCTs have impacted the likelihood that children receive regular checkups, this has not always translated to better nutritional status.³⁹² There is also little evidence that learning outcomes have improved although school enrollment rates have increased.³⁹³

It should also be noted that Brazil's reductions in poverty and inequality are not necessarily attributable to the success of its CCT programs, but instead is likely to be because of the doubling of the minimum wage over five years.³⁹⁴ In a study that compared beneficiaries of Nicaragua's Red de Protección Social to non-beneficiaries in the same community illustrates that access to better services leads to improvements in the health and education of people regardless of their participation in CCT programs.³⁹⁵ For example, in the second year of the program, primary school enrollment increased from

³⁸⁶ Charity Moore, *Nicaragua's Red de Protección Social: An Exemplary but Short-lived Conditional Cash Transfer Programme*. International Policy Centre for Inclusive Growth United Nations Development Programme (2009).

³⁸⁷ *Supra* note 279, at 5.

³⁸⁸ *Id.*

³⁸⁹ Enrique V. Lomeli, *Conditional Cash Transfers as Social Policy in Latin America: An Assessment of their Contributions and Limitations*. *Annual Review of Sociology*, Vol. 34, no. 1, at 475-498, (2008).

³⁹⁰ *Id.* at 484.

³⁹¹ Cash Transfers Evidence Paper, Policy Division 2011. Department for International Development.

³⁹² *Supra* note 279, at 30-31.

³⁹³ *Id.*

³⁹⁴ *Supra* note 17, at 61.

³⁹⁵ *Supra* note 17, at 62.

72% to 93% amongst CCT beneficiaries and to 79% amongst the control group.³⁹⁶ Similarly, health checkups for children under 3 increased from 74% to 93% amongst CCT beneficiaries after two years of the program as compared to 84% amongst the control group.³⁹⁷ Although, there have been investments made in terms of access to services, CCT programs neglect other pertinent affects of poverty, including quality of services. A number of studies have noted the negative consequences that CCT programs have had on women empowerment and participation.³⁹⁸ Saad-Filho argues that although the CCTs may improve conditions of those that it serves in the short term, they subsidize low wages and support the reproduction of poverty.³⁹⁹

D) Social Protection and CCT Programs in Egypt

The Zakat and Waqf systems⁴⁰⁰ evidence the longstanding existence of social protection in Egypt.⁴⁰¹ Furthermore, under its Constitution the state is obligated to provide social protection for its citizens. The 1952 Egyptian Revolution culminated in a social insurance system that is regulated under Law 79 of 1975, Law 108 of 1976, Law 50 of 1978, and Law 112 of 1980, covering general wage workers, employers and the self-employed, migrant workers, and casual workers respectively.⁴⁰² Following the structural adjustment programs, Egypt's social protection system was modified to consist of social insurance, health insurance, and social assistance. The Ministry of Social Affairs administers Egypt's social assistance program, which was established under Law 112 of 1980. It is one of three of Egypt's safety nets including a food subsidy program and the Social Fund for Development.⁴⁰³ Recently, Egypt has embarked on a number of initiatives to ensure social protection to its citizens, which include the implementation of cash transfer

³⁹⁶ *Id.*

³⁹⁷ *Id.* at 62-63.

³⁹⁸ For example, see Julienne Corboz, *Third-way Neoliberalism and Conditional Cash Transfers: The Paradoxes of Empowerment, Participation and Self-help Among Poor Uruguayan Women*. The Australian Journal of Anthropology 24(1): at 64-80, (2013).

³⁹⁹ Alfredo Saad-Filho, *Social Policy beyond Neoliberalism: From Conditional Cash Transfers to Pro-Poor Growth*. Journal of Poverty Alleviation and International Development, 7 (1), at 67-94, (2016).

⁴⁰⁰ Zakat and Waqf are the Islamic obligation of charity and endowment to the unfortunate. As was mentioned in the section in poverty, these systems represent the traditional religious obligations to those in poverty.

⁴⁰¹ Deepti Ameta & Hadeer El Shafie, *Social Protection and Safety Nets in Egypt*, (2015).

⁴⁰² Maia Sieverding & Irene Selwaness, *Social Protection in Egypt: A Policy Review*. Gender And World In the MENA Region, Working Paper Series, Number 23, Poverty, Job Quality and Labor Market Dynamics, Population Council, Egypt Country Office, at 7, (2012).

⁴⁰³ *Id.* at 22.

programs. Social justice, one of the demands of the 25 January 2011 Revolution, is one of the pillars of its Sustainable Development Strategy, Egypt Vision 2030, which makes specific objectives for the realization of social protection.⁴⁰⁴

In support of the Egyptian government and in implementation of “development with a human face” during the fiscal year of 2006-2007, the UNDP in collaboration with the Ministry of Social Solidarity pioneered a pilot program for conditional cash transfers to test the effectiveness of impacting poverty reduction.⁴⁰⁵ In March 2009, the Ministry of Social Solidarity along with the Social Research Center of the American University in Cairo piloted the country’s first CCT program in Ain el-Sira, Cairo with a specific focus on women’s empowerment. It represents one of the first CCTs in the Arab world.⁴⁰⁶ It was shaped by a Pathways conference that brought together experts from Brazil, Mexico and Ecuador.⁴⁰⁷ The program, Menhet el-Ossra, was piloted across 65 villages across Assiut and Sohag governorates.⁴⁰⁸ The CCT program would provide families with monthly sum of LE 244 conditioned on improved school attendance and regular visits to the doctor. In 2015, this program was scaled nationwide into a program known as Takaful and Karama (Solidarity and Dignity) in order to strengthen the social safety net of citizens, funded by the World Bank in the amount of USD 400 million.

E) The Neoliberalization of Conditional Cash Transfer Programs

Concerns regarding of the social impacts of neoliberal reforms of the 1970s and the 1980s resulted in a reconceptualization of the development agenda towards the end of the millennium. Prior to the 2000s, policies for adjustment to economies required cuts in social expenditures and privatization of service as prescribed by the World Bank and the IMF. By 2000, social protection had gained prominence because of the negative social impact of these adjustment policies. Marking a departure from market-driven reforms, the Post-Washington Consensus state was reinstated with the responsibility of financing,

⁴⁰⁴ View at <http://sdsegypt2030.com/wp-content/uploads/2016/10/6.-Social-Justice-Pillar.pdf>

⁴⁰⁵ United Nations Development Programme in Egypt, Pathways to Development Achievements Report, 2015.

⁴⁰⁶ UN Women’s flagships report Progress of the World’s Women 2015-2016: Transforming Economies, Realizing Rights, at 125.

⁴⁰⁷ For study see Hassan H. M. Zaky, *Does the Conditional Cash Transfer Program Empower Women? Evidence from Ain El-Sira, Egypt*. Social Sciences. Vol. 3, No. 4, 2014, pp. 132-136.

⁴⁰⁸ Norhan El Hakeem, *Introducing Conditional Cash Transfers to Egypt’s Poor* View at <http://www.egyptindependent.com/news/introducing-conditional-cash-transfers-egypts-poor>

administering, and regulating social protection programs.⁴¹⁰ The state is now responsible and accountable in terms of social investment that will foster human capital development. By ensuring social protection and access to basic services to all its citizens the state will ostensibly shape the future of its economic growth and development. Within this paradigm, social policy and economic growth are mutually reinforcing.⁴¹¹ By strengthening the capacities of its citizens, and its children in particular, through social protection programs, the nation takes effective measures for its sustainable and human development.

For the aforementioned reasons, the renewed interest in social protection in international development warrants critical attention. I argue that social protection programs such as CCT should not be perceived as a departure from traditional neoliberal policies but rather as a continuation of them. CCT programs, in particular, have heralded international attention as tools of poverty reduction and development. In the context of this thesis, CCT programs should be analyzed in terms of neoliberal logic that integrate the economic with the social, aiming to create a “social restructuring” rather than merely as tools to reduce poverty.⁴¹²

As was mentioned earlier, CCT programs are believed to be vital in promoting economic growth and development.⁴¹³ CCT programs are believed to stimulate economic growth at three levels.⁴¹⁴ At the first level, it enables individuals to invest and earn more. At the second level, the increased spending stimulates the local economy. Finally, at the third level, local economic growth in turn helps stimulate economic growth at the national level. Fundamentally, at the heart of CCT programs, is the idea that providing the poor with access to services will induce more activity in the local economy where the poor tend to spend. Instead of protecting the poor from the market, CCT programs attempt to build human capabilities in order to ultimately integrate them into the market. It is in this regard that Saad-Filho argues that CCT programs are neoliberal governing

⁴¹⁰ Supra note 312, at 136.

⁴¹¹ Supra note 313, at 11.

⁴¹² Supra note 380.

⁴¹³ Supra note 17, at 31.

⁴¹⁴ *Id.*

tools.⁴¹⁵ Neoliberalism contends that the market provides the rewards for one to make their own investments in their human capital. In this light, “social protection, through preventive (e.g. health insurance) or protective (e.g. cash transfers) measures, can play an important role in supporting and maintaining the productive participation of the poor in economic activity.”⁴¹⁶

In analyzing the ‘quiet revolution’ of social protection, Hulme and Barrientos state that “...economic growth, human capital development and social protection are increasingly seen as the three elements of national development strategies - a three pronged approach that increases national levels of welfare, raises economic productivity and strengthens social cohesion.”⁴¹⁷ Since social spending was perceived to be in conflict with economic growth and prosperity in the decades leading up to this “quiet revolution”, Hulme and Barrientos describe the expansion of social protection as unpredictable. In the case of CCTs, it is argued that they “have experienced a paradox situation of successful dissemination and advertisement, despite very mediocre results on effective poverty reduction matters, both in the short and in the long run.”⁴¹⁸ Smith attributes the interest and expansion social protection to be entrenched in political and institutional interests and specific historical contexts.⁴¹⁹

The idea of human capital has been regarded as a key term in neoliberalism. As was elaborated earlier, CCTs “link safety nets directly to human capital development.”⁴²⁰ In order to raise the productive capacities of children, human capital formation is the central goal of CCT programs.⁴²¹ In the view of economists, investments in children's

⁴¹⁵ For example, see Julienne Corboz, *Third-way Neoliberalism and Conditional Cash Transfers: The Paradoxes of Empowerment, Participation and Self-help Among Poor Uruguayan Women*, *The Australian Journal of Anthropology* 24(1): at 64-80, (2013).

⁴¹⁶ Supra note 313, at 21.

⁴¹⁷ David Hulme & Armando Barrientos, *Social Protection for the Poor and Poorest*. London: Palgrave, at 3-4, (2008).

⁴¹⁸ S. Draibe, *Programas de Transferências Condicionadas de Renda*, In Cardoso, F. H. & Foxley, A. (Eds) *América Latina: Desafios da Democracia e do Desenvolvimento - Políticas Sociais para além da crise* (Rio de Janeiro, Campus) (2009). Quoted in Sant’Anna J. *Oportunidades and Bolsa Família: Breaking the Intergenerational Cycle of Poverty?* Paper presented at the IPSA-ECPR Conference, Sao Paulo, February 16-19, (2011).

⁴¹⁹ Michael Peter Smith, *The Global Diffusion of Public Policy: Power Structures and Democratic Accountability*. *Territory, Politics, Governance* 1(2), at 118–131, (2013).

⁴²⁰ Supra note 312, at 136.

⁴²¹ Supra note 313, at 11.

nutrition, education, stimulation, and care advance human development.⁴²² As was proclaimed in the 1990 Human Development Report, “human potential will be wasted unless it is developed - and used.”⁴²³ This follows Blair and Schröder’s claim that investing in human capital is the principal task of modernization.⁴²⁴ The twentieth century can be referred to the ‘age of human capital’.⁴²⁵ Luccisano examines Progres/Oportunidades as a “neo-liberal trend influencing poverty alleviation initiatives.”⁴²⁶ She argues that despite the rhetoric of human capital investment such programs change “the subjectivity of the poor in order to more effectively govern them.”⁴²⁷ It is argued that CCTs are a poverty-reduction program rather than a social assistance program in that they use public resources to encourage the human capital development of poor children.⁴²⁸

The conditions attached to participation in CCT programs are its defining feature. Such conditions ensure that its beneficiaries induce some desired change in the behavior of the poor. In this light, CCT programs incentivize certain desired behaviors and uses cash transfers as a reward to force conformity of the poor. Saad-Filho contends that such conditions on individuals emulate the conditions attached to World Bank and IMF adjustment programs.⁴²⁹ He contends that the conditions attached to CCTs “support the reproduction of neoliberalism by inducing individuals to internalize neoliberal norms of behavior that, presumably, can help to reduce poverty and promote long-term economic growth”.⁴³⁰

For Ruckert, the conditions associated with cash transfers are “interferences into people’s lives [and] could be seen as new forms of disciplining and policing arrangements to make the poor behave in “desirable and responsible ways”, adding novel

⁴²² Supra note 313, at 37.

⁴²³ Human Development Report 1990, at 83.

⁴²⁴ Tony Blair & Gerhard Schroeder, *Europe: The Third Way/Die Neue Mitte*. Working Paper No. 2. (1998).

⁴²⁵ Gary Becker, *Human Capital and Poverty Alleviation*. Human Capital Development and Operations Policy Working Paper No. 52. The World Bank, Washington DC. (1995).

⁴²⁶ Lucy Luccisano, *Mexico’s Progres Program (1997-2000). An Example of Neo-liberal Poverty Alleviation Programs Concerned with Gender, Human Capital Development, Responsibility and Choice*. *Journal of Poverty* 8: at 33, (2004).

⁴²⁷ *Id.*

⁴²⁸ Supra note 316, at 11.

⁴²⁹ Supra note 399.

⁴³⁰ *Id.* at 73.

micro-political disciplining tools to the nexus of power and control of disciplinary neoliberalism.”⁴³¹ CCT programs have been regarded as part of a strategy to contain dissent and inadequate in addressing the economic, social, and political structures that perpetuate poverty.⁴³² In Gramscian analysis, CCT program represent techniques that govern the poor through neoliberal notions of choice and empowerment. In this respect, the poor are made to perceive their participation and inclusion in programs. The idea of empowering the poor is based on the belief that, as rational beings, they will do what is in their best interest. It is in this respect, Ferguson argues that the “responsibilized” citizen comes to operate as a miniature firm, responding to incentives, rationally assessing risks, and prudently choosing from among different courses of action.”⁴³³ In their attempt build the capacities of the poor by incentivizing their participation in basic services, CCT programs neglect the structural economic and political conditions that create poverty whereby poor nutrition, education, and healthcare are exacerbated. As such, CCT programs do not address the structural causes of poverty.

⁴³¹ Arne Ruckert, *A Decade of Poverty Reduction Strategies in Latin America: Empowering or Disciplining the Poor?* *Labour, Capital, and Society* 42: at 72, (2009).

⁴³² *Supra* note 399.

⁴³³ James Ferguson, *The Uses of Neoliberalism*. *Antipode*, Vol. 41, no. 1, at 172, (2010).

VI. Conclusion

Development has been a defining feature of the international edifice since the 1950s to assist developing countries integrate onto the international plane by making them more like their developed counterparts. Now, it is through the pursuit of development that we are supposed to remedy the world's ills. This thesis has explored international development in terms of its central contemporary goal of "making poverty history" and in the context of the prevailing neoliberal world order at the "end of history". However, development efforts have oscillated between the two international apparatuses of poverty reduction and neoliberalism that are antagonistic. Possessing hegemonic power, neoliberalism has been implicitly entrenched in poverty reduction strategies. In this way, the goal to "make poverty history" in the name of development remains elusive.

This thesis theorizes the causes of poverty rather than the perceived symptoms of the phenomenon. The purpose of this thesis is to shed light on how poverty is sustained today. It investigates microfinance and CCT programs as poverty reduction strategies to demonstrate that such strategies are designed to ultimately integrate the poor into the market. More specifically, this thesis argues that such poverty-reduction strategies paradoxically exacerbate the root causes of poverty through fueling neoliberalism.

These arguments are made through drawing on Gramscian and Neo-Gramscian theories, which allow us to understand how the poor become subjected to the tenets of neoliberalism through the very strategies employed in the name of poverty reduction. As shown, microfinance and conditional cash transfers have emerged as tools of inclusive neoliberalism whereby the poor are led to believe that their participation in such strategies can ultimately alleviate their poverty. Each of the strategies assessed uses money as a tool to transform the poor into neoliberal subjects; in the case of microfinance money is given to the poor to invest in their entrepreneurial endeavors and in the case CCT programs money is given to the poor as an investment in human capital. The illusion of empowerment and inclusion the poor are subjected to enables their inclusion within a system that perpetuates poverty, leaving social reality untransformed. The problem of poverty is part of a global apparatus that feeds the neoliberal system by attracting more and more people into the market. In so doing, neoliberalism has established itself as a hegemonic structure. Neoliberalism conceives poverty as an income

deprivation and as such implements poverty reduction strategies to this end. Microfinance and conditional cash transfer represent market-conforming poverty-reduction strategies. Despite being heralded as poverty reduction strategies, both microfinance and conditional cash transfer programs are complicit in sustaining poverty. Although, such strategies present their beneficiaries with the opportunity to better their circumstances, microfinance and CCT programs do not address the structural causes of poverty. In the words of Illich, “institutional goals continuously contradict institutional products.”⁴³⁴ The inclusion and empowerment of the poor through such services function to serve and sustain the hegemony of neoliberalism. Poverty persists because it is a self-reinforcing and an entrenched part of a powerful system.

This thesis analyzes the role of international institutions in creating and perpetuating poverty by employing neoliberal logic, examining how law and institutions are implicated in the perpetuation of poverty amidst international commitment to its alleviation. Poverty reduction strategies have been implemented by the interaction between national and international structures. Neoliberalism has become embedded in the institutional structure of international law and international human rights law and in effect has been deployed as the means of development efforts. The primary goal of this thesis is to illustrate the ways neoliberalism influences development discourse, particularly that on poverty reduction. It aims to show that in order to truly “make poverty history”, poverty cannot be understood and addressed in terms of palliative measures. Instead, attention should be paid to deep-rooted structural and ideological causes that systemically sustain poverty. This thesis raises more questions than it answers to demonstrate that dominant understandings of poverty are contradictory, problematic, incomplete, and merit rethinking.

⁴³⁴ Cited in Curtis Seltzer, *Deschooling Society*. Yale Review of Law and Social Action: Vol. 2: Issue 1, Article 11, at 2, (1972).