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Worldwide Inequality

Division and Injustice

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JANUARY 17-19, 2014

Where and to whom one is born is, it seems, arbitrary, chance, fate or karma being the divine decision maker. Wake from innocence to middle class parents in one of the developed wealthy nations of the world, and be blessed with comfort, opportunity, good health care and education and a life of profitable possibilities. Find yourself in a slum in Nairobi, Kenya or the daughter of tea pickers in Assam, India, and see before you: poverty, uncertainty, suffering and the threat of extreme exploitation.

Inequality: The Plague of the Times

We live in a world rife with inequality (wealth and income, power and influence); it is the underlying cause of deep-seated social tensions, community divisions and a range of poisons causing terrible suffering to millions of people.

The disparity between the wealthy minority and the billions living in suffocating poverty is greater than it has ever been. Worldwide it is estimated that the wealthiest 10% owns 85% of global household wealth. The UC Atlas of Global Inequality states that the “three richest people in the world have assets that exceed the combined gross domestic product of the 47 countries with the least GDP,” and reports that “The richest 2% of the world population own more than 51% of the global assets”. At the other more densely populated, less perfumed end of the scale, Global Issues report that: almost half the world’s people (over 3.5 billion) live on less than \$2.50 a day; and 80% live on less than \$10 a day. The largest proportion of those living in poverty are in India, rural China and Sub-Saharan Africa, where despite the fact that some countries within the last decade or two have seen economic growth, poverty rates have remained unchanged and “some countries – Angola, the Democratic Republic of the Congo and Gabon – have actually seen an increase in the percentage of their population living in extreme poverty” [World Bank study Africa Pulse]. Prompting the omnipresent question: who is this economic growth for; who, under the current development model, is benefiting?

Discussing the possibilities of change to a more equitable world, UNICEF paints a rather bleak picture; assuming the perpetuation of the current economic model, they estimate “that it would take more than 800 years for the bottom billion to achieve ten percent of global income under the current rate of change.”

The world of income and wealth inequality is awash with shocking statistics. Figures disclosed by World Bank economist Branko Milanovic and reported by Nobel prize winning economist Joseph Stiglitz reveal that, “eight percent of humanity takes home 50% of global income, the top 1 percent alone takes home 15 percent.” America, he states, “provides a particularly grim example for the world.” It is where income and wealth inequality reach their zenith, and where one in four children live in poverty. The country’s wealthiest 1% (incomes above \$394,000) take “home 22 percent of the nation’s income”; the top 0.1 percent, make do with a colossal 11 percent. Stiglitz goes on to make the point that an average American worker earns less today than he did 45 years ago (inflation adjusted), and that men without a University degree, earn “almost 40 percent less than they did four decades ago.”

Why are millions of Americans not marching in the streets demanding justice and equitable living one wonders? Physically exhausted, emotionally strained and mentally put to sleep, most do not have the time or the energy to revolt.

The figures depicting poverty and hardship are many and varied and shocking to all: over 20% of the world's population (that's 1.4 billion people) live on less than \$1.25 a day, 75 cents below the official World Bank poverty threshold; UNICEF states that 22,000 children (under the age of five; if it was 6, or 7, the numbers would be even higher) die every day due to poverty related issues. They "die quietly in some of the poorest villages on earth, far removed from the scrutiny and the conscience of the world. Being meek and weak in life makes these dying multitudes even more invisible in death."

Of the two billion children in the world, half are currently living their lives in extreme poverty, with limited or no access to clean water or sanitation, health care and education worth the name. The greatest concentrations of people living below the \$2 a day poverty line are to be found in rural areas where three in every four are to be found. Life is little better in the cities where over half the world's 7.2 billion population now live, one in three of whom live in a slum.

The Unequal are Always With Us

It may well be true that income and wealth inequality has always existed; the industrial revolution in Britain and America certainly created sharp inequities. However, the worldwide gap between the "rich and the rest" as Stieglitz puts it, "widened even more, right up [and] through World War II." But it took the combined doctrinal political idealism of Margaret Thatcher (Prime Minister of Britain 1979–1990) and President Ronald Reagan (President of USA 1981–1989) to hyper-accelerate levels of inequality, and set the divisive competitive tone for the years that followed. The Organization for Economic Cooperation and Development (OECD) states that income inequality "first started to rise in the late '70s and early '80s in America and Britain (and also in Israel)." The ratio between the average incomes of the top 5% to the bottom 5% in the world increased from 78 to 1 in 1988, to 114 to 1 in 1993. That's some achievement. During the Thatcher/Reagan reign, Income tax was lowered for higher earners, trade unions were broken and the financial sector was deregulated with, we now know, devastating consequences. The inequality "trend became more widespread starting in the late '80s," and continues to poison the social fabric of countries throughout the world, including more egalitarian nations, like Sweden, Finland, Germany and Denmark.

Stieglitz relays that, "from 1988 to 2008, Mr. Milanovic found, people in the world's top 1 percent saw their incomes increase by 60 percent, while those in the bottom 5 percent had no change in their income. In America, home to the 2008 recession, from 2009 to 2012, incomes of the top 1% in America, many of which no doubt had a greedy hand in the causes of the melt

down, “increased more than 31%, while the incomes of the 99% grew 0.4% – less than half a percentage point” [Los Angeles Times].

Flowing from wealth and income inequality (combining to create the powerful elite), is the inequitable use and distribution of natural resources; water and food, minerals, and we could add knowledge, information, technology and skills. The United States, for example, with a mere 5% of the world’s population, uses 30% of natural resources; the 25% of people living in developed countries use 80% of the world’s non-fuel minerals. Many of these are found in poor developing countries, which have little or no control over their resources and on the whole benefit little from their extraction and sale. Not only do the wealthy countries usurp and waste 80% of the world’s resources, but according to a United Nations (UN) report, their “voracious consumption of resources cannot be sustained.”

Inequality, Vulnerability Exploitation

The extreme dualities of poverty and wealth inevitably create the vulnerable and the powerful, the abuser and the abused. There are wide ranging consequences of such social division: the erosion, or denial of democracy, for with money comes power and with power political influence, making it inevitable that “inequality reinforces itself by corroding our political system and our democratic governance,” [Joseph Stiglitz]. Man-made climate change though affecting everyone, it is the poorest people living in the poorest who are suffering most acutely, as a recent report by The World Bank Group makes clear; stating “that global warming will lead to a major food-crisis in the future. Sub-Saharan Africa and Southeast Asia are expected to be the worst-hit.” That is, the regions with the largest concentrations of people living in utter poverty.

One of the gravest consequences of this social-economic imbalance is the worldwide movement of people, from impoverished communities with few employment opportunities and poor education, to a rich or richer region or nation. The International Organisation for Migration (IOM) estimates there to be, over “105 million persons [excluding children] working in a country other than their country of birth.” Women make up the lions share of this army of workers, many of whom are vulnerable to trafficking. The US State Department states that up to 800,000 persons are trafficked every year (although the figure is probably considerably higher): 80% of victims are women, of which 80% are sold into the commercial sex industry. Trafficking (which is the second most widespread and profitable worldwide criminal activity) often arises from debt bondage, resulting in forced labour. Trafficking is nothing less than modern day slavery, there are thought to be more people living as slaves (that’s people held against their will, forced to

work and paid nothing) now than at any time in history, and for those with the means they are cheap; on average, \$90 will buy you a human being [Free the slaves].

Working within an economic system, that disempowers the disadvantaged, migrant workers form an economic lifeline for millions of families. In 2012 they sent, “\$406 billion in savings to their families in developing countries” [The World Bank]. Money earned through domestic servitude, with its inherent dangers of mistreatment, or construction work in appalling, often dangerous conditions: remittances, which may enable their children to eat three meals a day, to go to school and learn to read, or perhaps allow for an elderly parent to receive health care. Essentials: indeed fundamental human rights enshrined in the Universal Declaration of Human Rights, that should be met by the nation state and if not, more broadly by the international community.

It is poverty in its many manifestations – poor education and health care, poor sanitation and water supplies, poor living conditions; poor or low self-esteem and an absence of hope – which drives migration, and creates the environment in which trafficking and extreme exploitation can flourish. The vulnerable are vulnerable in a variety of ways: to exploitation, to slavery, to sexual abuse, to the effects of natural disasters and to political and economic manipulation.

In a world of plenty why are hundreds of millions, perhaps billions of people vulnerable at all? The vulnerable and exploited exist because of an inherently unjust social-economic system, which has caused extreme global inequality and built a divided fractured world society.

Inequality, Sharing Justice

The complacent party line of the wealthy and elite is that “there is no alternative (TINA)” to the present unhealthy, divisive economic model. The advocates of market fundamentalism have sought to close down totally the intellectual space for enquiry and discourse. If indeed ‘there is no alternative’, inequality and poverty will continue to increase, building intensely “divided societies, [where] the rich will hunker in gated communities, almost completely separated from the poor, whose lives will be almost unfathomable to them, and vice versa. I’ve visited societies that seem to have chosen this path. They are not places in which most of us would want to live, whether in their cloistered enclaves or their desperate shantytowns” [Joseph Stiglitz]. The resulting social injustice of such a horrific future would strengthen existing divisions, creating resentment, anger and potentially violent conflict.

The cherished economic model of choice – market fundamentalism, used as a paradigm for worldwide development has, as UNICEF makes clear, failed and continues to fail, both the

people and the planet. It concentrates wealth in the hands of the wealthy, and leads us to question as UNICEF does “the current development model (development for whom?), which has accrued [growth] mostly to the wealthiest billion” people. “Not only does inequality slow economic growth, but it results in health and social problems and generates political instability. Inequality is dysfunctional, and there is a grave need to place equity at the center of the development agenda,” they correctly assert. A more just and humane model of development, based on equitable distribution of the world’s resources, is a viable alternative whose time has come.

The idea of equitable distribution, of sharing the food and water, the resources knowledge, skills, ideas and technology of the world, as the guiding principle for development and economic life, is supported by Frances Stewart, Professor Emeritus at Oxford Department of International Development. She believes that “poverty can be eliminated. Essentially, what is needed is a significant reduction in the quite obscene levels of inequality that prevail today” [The Guardian]. The distribution of resources “from the privileged to the deprived, would be enough to eliminate poverty in high and middle income countries,” she asserts. Not simply the redistribution of wealth but resources more broadly, to, as she puts it, “improve the health, the education, the assets and the productivity of the poor so that the improving of their lives can become self sustaining.” Expanded and imaginatively applied to address the needs of the poorest people in the poorest nations, such a simple common sense model, based on social justice and equality, would meet basic rights and needs, reduce vulnerability and exploitation, ease social tensions and slowly establish trust and unity.