UN Human Development Report finds:

Social inequality and poverty increasing worldwide

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6 August 1999

"Global inequalities in income and living standards have reached grotesque proportions," according to the latest annual United Nations Human Development Report (UNHDR), published last month.

While 1.3 billion people struggle to live on less than $US1 a day, the world's richest 200 people doubled their net worth between 1994 and 1998 to more than $1 trillion. The world's top three billionaires alone possess more assets than the combined Gross National Product of all the least developed countries and their combined population of 600 million people.

About 840 million people are malnourished, and close to one billion find it difficult to meet their basic consumption requirements. More than 880 million people lack access to health services, and 2.6 billion people have no access to basic sanitation.

Far from narrowing, the gulf between rich and poor is growing. "Some have predicted convergence. Yet the past decade has shown increasing concentration of income, resources and wealth among people, corporations and countries," the report states.

The income gap between the fifth of the world's population in the wealthiest countries and the poorest fifth of the world's population was 74 to one in 1997, up from 60 to one in 1990, and 30 to one in 1960. Those living in the highest income countries have 86 percent of world Gross Domestic Product (GDP), 82 percent of world export markets, 68 percent of foreign direct investment and 74 percent of world telephone lines. Those living in the poorest countries share only one percent of any of these.

OECD countries, with 19 percent of global population, control 71 percent of global trade in goods and services, and consume 16 times more than the poorest fifth of the globe.

These overall figures do not take into account the huge social inequalities within the wealthiest countries themselves. Some figures taken from the Human Development Indices attached to the report illustrate the income polarisation within both the industrialised and the poorest countries.

In the United States, for example, real GDP per capita in 1997 was $29,010, compared to an average for the least developed countries of $992. However, in the US, real GDP per capita for the poorest fifth of the population was only $5,800—almost six times below the average, and nine times below the figure for the wealthiest fifth of $51,705. Based on figures from 1989-95, the indices demonstrate that 14.1 percent of the American population subsist on just $14.40 a day.

Similar inequalities are to be found in all the industrialised countries. In Germany, with an average real GDP per capita of $21,260 in 1997, the poorest 20 percent were five times below average at $3,963. The richest 20 percent were almost ten times better off with a real GDP per capita of $38,164. In the United Kingdom the average was $20,730, with the poorest fifth recording $3,963—while the richest fifth recorded $38,164. Just over 13 percent of the population of the UK lives on $14.40 per day, as does 11.5 percent of the population of Germany.

While figures are not available for all the poorest countries, the inequalities are even starker. In Zambia, the average real GDP per capita in 1997 was $960. However, the poorest fifth of the population had a real GDP per capita of only $216, while the wealthiest fifth had $2,797. As many as 84 percent of the population subsist on one dollar a day or less. In Guinea-Bissau, ranked one of the ten poorest countries in the world, average GDP per capita was $810. For the poorest fifth it was $90, and for the richest fifth $2,533. At least 87 percent of the population live on less than one dollar a day.

The UNHDR indices assess human poverty in the industrialised countries by a combination of factors: percentage of people not expected to survive to age 60, the adult functional illiteracy rate, the percentage of people living below 50 percent of median personal disposable income, and the long term unemployment rate. On this basis, Germany is ranked third among the 17 industrialised countries with a poverty rate of 8 percent, while the highest poverty levels are recorded in the United States (16.5 percent), Ireland (15.3 percent) and the United Kingdom (15.1 percent).

Some countries have recorded growth in average per capita income over the past decade, but more than 80 countries have lower per capita income than at the beginning of the 1990s. Fifty-five countries have declining per capita incomes. The most substantial declines have taken place in the former USSR and Eastern Europe. In the countries of sub-Saharan Africa, there has been a continuing fall in per capita income from $661 in 1980, to $550 in 1985, then $542 in 1990 and $518 in 1997 (expressed in 1987 US dollars).

Again taking sub-Saharan Africa as a whole, 50 percent of the population have no access to safe water and 56 percent have no access to sanitation. One third of children aged five are underweight and more than a third of the population are not expected to reach the age of 40.

While masses of people eke out an existence without basic social infrastructure, mergers and acquisitions have concentrated vast resources in the hands of a few transnational corporations. By 1998, the top 10 companies in pesticides controlled 85 percent of the $31 billion global market, and the top 10 in telecommunications controlled 86 percent of a $262 billion market. In other sectors, the top 10 corporations control market shares of almost 70 percent in computers; 60 percent in veterinary medicine; 35 percent in pharmaceuticals; and 32 percent in commercial seed.

As a result of this concentration of resources, the world's poor benefit little from increasing technology and knowledge. Just 10 countries account for 84 percent of global research and development expenditures and control 95 percent of US patents. Research is ever more determined by profit as opposed to social needs. "In defining research agendas, money talks, not need—cosmetic drugs and slow-ripening tomatoes come higher on the priority list than drought resistant crops or a vaccine against malaria," the report states.

Increased trade, new technologies, foreign investment and expanding communications networks are not evenly or fairly distributed on a world scale. Foreign direct investment (FDI) reached $400 billion in 1997, but 58 percent of it went to industrialised countries and just five percent to the so-called transition economies of Central and Eastern Europe. Of the FDI which went to developing and “transition” economies in the 1990s, more than 80 percent went to just 20 countries, mainly to China.

With a massive US$1.5 trillion a day exchanged on world currency markets, the report notes that global financial markets produce for many people "sudden and hurtful disruptions in the pattern of daily life". Far from being isolated incidents, financial crises resulting from rapid build-ups and reversals of short-term capital flows are "now recognised as systemic features of global capital markets."

The East Asian financial turmoil of 1997-99 resulted in capital outflows equivalent to 11 percent of the GDP of Indonesia, South Korea, Malaysia, the Philippines and Thailand. The human impact included the loss of 13 million jobs across the region and a decline of real wages of between 40-60 percent in Indonesia.

Job insecurity is not confined to the crisis-stricken regions of the globe. Global competition has undermined legal protection for jobs all over the world, and millions work with no contracts whatsoever. In Europe, sustained economic growth has not resulted in any decline in unemployment, which has remained at 11 percent for the past decade, affecting 35 million people.

In the poorest countries, debt servicing payments combined with declining tax revenues have led to further cuts to state-provided services such as health and education. Tanzania, for example, spends nine times as much on debt servicing as on health, and four times as much as on primary education.

Health and environmental problems are growing. More than 16,000 people are infected with the HIV/AIDS virus each day, with 95 percent of new cases being in developing countries. Nine countries in Africa are projected to have a loss of 17 years in average life expectancy by the year 2010 as a result of the virus, taking them back to the levels seen in the 1960s. Every year nearly three million people die from air pollution, and more than five million die from diarrhoeal diseases caused by water contamination.

Economic and social insecurity results in a breakdown of community and political cohesion, the report noted. Of the 61 major armed conflicts fought between 1989 and 1998, only three were between different states, the rest were civil conflicts.

The report also points to the growth of organised crime. It estimates that six major crime syndicates control some $1.5 trillion, rivaling transnational corporations for assets and economic influence. The illegal drug trade accounts for an estimated 8 percent of world trade, ahead of trade in motor vehicles or iron and steel. Money laundering is thought to be the equivalent of 2-5 percent of the world's GDP.

Subtitled *Globalisation with a human face*, the UN report emphasises the growing interdependence of the world's population resulting from the globalisation of economic processes. The authors view with some concern the exclusion of poor people, countries and entire regions from the benefits of this process.

Globalisation "is being driven by market expansion—opening national borders to trade, capital, information—outpacing governance of these markets and their repercussions for people”. They point out that current economic debate and decision making neglects "broader human concerns" such as life, liberty, justice, equality and tolerance. "Competitive markets may be the best guarantee of efficiency, but not necessarily of equity ... And markets are neither the first nor the last word in human development,” the authors comment.

But while criticising the excesses of the market, the authors have little to offer other than a few pleas for its regulation and control. Their standpoint is summed up in the report's foreword, penned by UNDP administrator Mark Malloch Brown. "In listing the negative impacts of markets on people, it is important not to appear to be rejecting markets as the central organising principle of global economic life. Markets need institutions and rules—and too frequently in the global setting they are not yet adequately subjected to the control of either."

What is lacking in the report, however, is not only an alternative but any means for implementing any global economic regulation in conditions of sharpening national rivalries. Having presented what amounts to a staggering indictment of the operations of the capitalist market, the UN is incapable of drawing the obvious conclusion: in order to abolish poverty and inequality, it is necessary to replace the anarchy of the market and production for private profit with a new organising principle for global economic life—the planned use of the world's immense resources to meet the social needs of mankind as a whole.