

## World capitalism in 2014

# Two billion poor, one billion hungry

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More than 2.2 billion people are “either near or living in poverty,” according to the United Nations Development Report released July 24. The study also found that about 1.2 billion people survive on the equivalent of \$1.25 or less a day, while 12 percent of the world’s population (842 million people) suffer from chronic hunger.

These conditions of global suffering and deprivation are not due to any absolute shortage of resources. The world economy produces enough to provide a decent standard of living for every man, woman and child. But the distribution of wealth makes this impossible: the 85 wealthiest people in the world own as much as the 3.5 billion poorest people combined.

The report, published under the title, “Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience,” is hardly intended as a rabble-rousing manifesto. Quite the contrary: it is written in a mixture of statistical jargon and bureaucratic code words that is dry as dust.

The report describes the conditions produced by capitalism—mass poverty, deprivation, social injustice, inequality, oppression—but makes no reference to capitalism. There is simply no mention of the economic system under which the world’s population lives, and thus no discussion of any alternative.

But the facts remain, and here are some of the most important:

- Almost 1.5 billion people are “multi-dimensionally poor, with overlapping deprivations in health, education and living standards.”
- Another 800 million people are living on the edge of poverty “vulnerable to falling back into poverty when setbacks occur.”
- The largest concentration of absolute poverty is in South Asia, with “more than 800 million poor and over 270 million near-poor—that is, more than 71 percent of its population.”
- Income inequality in the developing countries rose by 11 percent between 1990 and 2010.
- The steepest decline in living conditions during 2013

occurred in Central African Republic, Libya and Syria—three countries targeted by US and French imperialism for military intervention and political subversion.

- About 45 million people were forcibly displaced due to conflict or persecution by the end of 2012—the highest in 18 years—more than 15 million of them refugees.
- Indigenous peoples make up about 5 percent of the world’s population, but account for 15 percent of the world’s poor, with as many as a third in extreme rural poverty.
- Nearly half of all elderly people—46 percent of those aged 60 or older—suffer from one or more physical or intellectual disability.

The report pays particular attention to the conditions of children in the developing countries (what used to be called the Third World). Of these children, “7 in 100 will not survive beyond 5, 50 will not have their birth registered, 68 will not receive early childhood education, 17 will never enroll in primary school, 30 will be stunted and 25 will live in poverty.”

While the report attempts to strike an optimistic note because its overall Human Development Index (HDI) numbers are rising, this is largely a statistical illusion. Health figures have improved significantly because of scientific advances and their dissemination to the poorer countries. In the HDI calculation, this offsets significant declines in income, worsening economic inequality, and stagnation in terms of education and other social services.

The report appeals for a more robust policy of social reform worldwide, while admitting that the trend has been entirely in the opposite direction: in virtually every country, ruling elites are slashing public spending and scrapping long-established programs that underpin the living standards of the masses.

The report calls for “universal access to basic social services, especially health and education; stronger social protection, including unemployment insurance and pensions; and a commitment to full employment.” But it acknowledges, “nearly 80 percent of the global population

lack comprehensive social protection,” making them extremely vulnerable to any type of economic dislocation, natural disaster or explosion of political violence.

At one point the report makes the declaration:

“The case for universal provision of basic social services rests first and foremost on the premise that all humans should be empowered to live lives they value and that access to certain basic elements of a dignified life ought to be delinked from people’s ability to pay. While ways of delivering such services may vary with circumstances and country context, common to all successful experiences is a single idea: The state has the primary responsibility to extend social services to the entire population, in a basic social contract between citizens and state.”

This statement demonstrates that those who worked on the report may have had good intentions, but no understanding of the political dynamics of world capitalism, in which the ruling elite accepts only one “primary responsibility” for the state: the defense of the interests of the financial aristocracy, by all methods up to and including war and dictatorship, against the great majority of the world’s people.

While the bulk of the report deals with the conditions of life facing the majority of humanity in the developing countries, there are some telling details, particularly in the accompanying statistical charts, about the United States and the European Union.

The United States ranked fifth in the report’s Human Development Index, but only 23rd when inequality was factored in. Among the top 50 countries, only Chile and South Korea ranked below the United States in overall inequality, factoring in income distribution, health care and access to education. Those two countries were both ruled for decades by brutal military dictatorships.

The United States was 43rd among the top 50 countries in inequality in life expectancy, and second lowest among the top 50, surpassing only Chile again, in inequality in income. Only in education was the US in the middle of the pack among the advanced countries, ranking 25th out of 50 countries.

The European countries, particularly Germany and Scandinavia, were at the top of nearly every measure of human development. But the report took notice of the dire trends of the past six years, since the 2008 financial crisis. Because governments “took responsibility for huge private sector debts, especially from troubled banks” and because “tax revenues dwindled in the slowdown,” many countries were thrown into fiscal crisis, and “quickly shifted their policy focus to austerity measures.”

The report continues: “Between 2008 and 2012 public gross fixed capital formation fell 65 percent in Ireland, 60 percent in Greece and Spain, 40 percent in Portugal and 24

percent in Italy. Overall, public investment in the euro area (17 countries) declined from €251 billion in 2009 to €201 billion in 2012—a 20 percent nominal decline. This, after a steady declining trend in investment as a share of GDP since the 1970s. Budget cuts are also affecting the delivery of public services. Between 2009 and 2011 health spending declined in a third of Organisation for Economic Co-operation and Development (OECD) countries—including Greece, Ireland, Portugal and the United Kingdom.”

These policies have actually made deficits worse by undercutting economic output and increasing unemployment, as well as increasing economic inequality. The report continues: “Recent austerity measures have increased poverty in more than half of European countries, and the groups most at risk are children, immigrants and people from a migrant background, ethnic minorities and people with disabilities.”

But the report can propose nothing more than that the governments of these countries rethink their policies and pursue a more humane alternative—without addressing the class interests that have dictated these savage attacks on working people.

The complete dead end of this perspective is inevitable, given that it was prepared under the general supervision of the UN Development Programme and its chief administrator, Helen Clark, the former right-wing social democratic prime minister of New Zealand, who is expected to be a candidate for UN secretary general after Ban Ki Moon completes his second term in office in 2016.

Among the half dozen “special contributions” to the report acknowledged in the Foreword are those of Bill Gates, the billionaire founder of Microsoft, Ellen Sirleaf Johnson, the US-backed prime minister of Liberia, University of Chicago economist James Heckman, and former World Bank chief economist Joseph Stiglitz. (See: “Joseph Stiglitz in Australia: A desperate attempt to promote the illusion of reform”).

But although the words “capitalism” and “imperialism” do not appear in the text of the 239-page document, the development report nonetheless provides ample raw material for the indictment of the profit system.



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