

## Can We End World Poverty?

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The facts of world poverty are well known. One half of humanity (three billion people) lives on less than \$2 a day. Of these 790 million, the majority in Asia and the Pacific, are chronically undernourished. Nearly one and a half billion people have no access to clean water, three billion no access to sanitation and two billion no access to electricity.

In the wake of the Asian tsunami disaster an unparalleled level of donations raised hundreds of millions of dollars from ordinary people. At the same time numerous warnings were sounded that this charitable effort should not divert aid to Africa, and other impoverished regions.

Many people must have wondered whether, if such giving were sustained, something fundamental could be done to end world poverty. The answer, says Phil Hearse, is 'no'. World poverty exists because of the fundamental structures of economic, social and economic power. Huge donations to the less economically developed countries eventually hit the barriers of exploitation, corruption and debt.

Already people are asking what will happen to the money donated after the tsunami – whether it will end up in the pockets of local rich elites, or eventually help to service the poor countries' debt to governments and banks in the rich countries.

Creating a world without poverty means radically changing *what* is produced, *who* produces it, *where* it is produced and *who consumes* it. That is absolutely impossible with massive political change on a world scale.

### The Global Sweatshop

In his famous 1901 book *The Ragged Trousered Philanthropists*, Robert Tressell's Marxist house painter entertains his fellow workers with the Great Money Trick. Using bits of bread, knives and forks and a few pennies, he shows how the capitalists end up with all the bread, all the money and all the knives and forks. Today's great money trick is the exploitation of worldwide sweatshop labour by global corporations and finance capital. Here's how it works.

Someone buys an expensive pair of trainers in their local shopping centre from a chain store for £100. £17.50 goes in tax to the government, but they pass on £8 of that to in debt repayment to big banks in Britain or abroad. The worker who made the shoes in Indonesia gets 50p (a generous estimate). The shop bought the shoes for £60, thus making a gross profit after tax of £22.50p. Of that sum, £12 goes to the insurance company that owns the shopping centre as payment for the huge rent and service charges. The shop assistant got 50p (again a generous estimate). Up to this point the total profit for the shop is £10 and payment to finance capital is £20.

Of the £60 that the shoe company got from the retail chain, 50p went to the Indonesian worker, transport cost £7, and £3 went on factory and advertising charges. Total profit for the multinational sportswear company is therefore is staggering £39.50p.

Look at it another way, out of the whole deal the multinational sportswear company and finance capitalists between them got £59.50p, the retail chain got £10 and the two workers involved got £1 between them (although it's possible that this picture could be modified by the transport workers getting a few pence more).

This modern great money trick is the Global Cheap Labour Economy. There is cheap labour at both ends of the chain, but if the shop assistant is exploited, it is easy to see that the Indonesian factory worker is super-exploited, and is usually much poorer and has much worse living conditions than her shop assistant sister in the West.

The global cheap labour economy has a dramatic effect on *what* is produced, because it's easy to see that high profit rates are especially concentrated in luxury and high value production (including tourism) aimed at the rich countries, whereas profit levels in subsistence goods for the poor countries yield much lower rates.

Pro-capitalist ideologues claim that we get 'cheap' goods because of low wages in the third world. Not true. Workers in the poor countries could be paid much higher wages without raising prices of imported manufactures in the West by a single penny – provided the extortion-racket money paid to finance capital and the monopoly super-profits were eliminated.

### **The Supermarket-Agribusiness Nexus**

The Great Money Trick part 2 is the global operation of the supermarket-agribusiness nexus. At the heart of this operation too is the global theft of the labour of the poor. There are several variants.

The most direct one is the vertically integrated farming-retailing operation. A supermarket chain owns a vegetable farm in Kenya. It sells dwarf green beans in 200gm packets for £1.20p. The seasonal, temporarily-employed agricultural workers who picked them get a few pennies. Other farm and transport costs cost 10p – gross overall profit around £1.05p. After rent payments to finance capitalists and wages in the supermarket itself, total profit was probably around 70p. Profits in this type of operation are typically hundreds or even thousands of times what was paid for wages at either end of the chain.

Another variant is where the goods are produced by small independent farmers, who sell their goods to local merchants, who in turn sell them to supermarkets or food manufacturers. In this more complex system the profit has to be shared between merchant, retailer and often a food manufacturing company.

But the vast operations of agribusiness are putting independent peasant farmers out of business throughout the third world and buying up their land. A classic case is the destruction of the peasant-collective system in Mexico, and the subsequent dominance of US agribusiness. Former independent peasant farmers are forced to become

itinerant seasonal agricultural labourers, or alternatively gravitate to the slums in the third world mega-cities, like Karachi, Mexico City and Jakarta.

### **The Global Slum**

Thirty years ago it was a commonplace that the majority of the world's population were peasants living in the countryside. Now the number of urban dwellers is greater than the peasantry, but something 60% of these city dwellers live in the giant urban slums, the barrios and the favellas which form the outer ring of the great third world cities.

Millions of these slum inhabitants have moved from the countryside as agribusiness seizes control of land and agricultural production. Thousands arrive from the countryside every day. How do they survive? Millions are fully integrated into the industrial proletariat, producing everything from cars to clothes. Others become personal servants to the rich, at home or in the rich countries. But many more than both these categories work in the informal sector, as street traders or in unregulated local sweatshops. The informal sector is often fully integrated into capitalist production circuits, and is the ultimate in 'outsourcing', providing components for goods produced by major companies, or acting as cheap retail outlets for the products of those companies worldwide.

Millions more however endure a precarious existence, involved in petty crime, prostitution and other activities on the 'margins'.

### **Long-term solutions**

The problem with charity and Western government 'aid' today is precisely that it fails to address the structures of exploitation which are the causes of poverty – indeed it often contributes to perpetuating the global cheap labour economy, by being tied to 'conditionalities' which demand the destruction of local public services, the privatisation of everything, and priority to cheap exports to Western countries. Aid from NGOs and charities sometimes does create sustainable projects, for example poor farmers' co-operatives, but they are a drop in the ocean of world production, and frequently subject to ups and down of world commodity prices.

Much more fundamental solutions are needed to permanently overcome world poverty. These require striking at the roots of exploitation and the power of the big corporations, on a world scale. Massive economic aid *is* required from the more advanced countries, but this has to empower and enrich poor countries and communities, not perpetuate their subordination.

It is easy to see from the examples below the kind of structural reforms that would begin to address poverty in a long-term way.

A first step would be to cancel the debt to rich countries and banks, and replace debt payments with reparation payments – systematic transfers of capital and technology from the rich countries to the poor, to enable them to develop the basic social services, infrastructure and industries. But of course, to be effective this depends on disempowering and removing the local elites who often expropriate international aid.

Second, the third world water crisis has to be solved. The escape from poverty is impossible without clean, regularly available water for both rural and urban communities. Can it be achieved? The example of Africa shows how it can.

African water poverty would be eliminated by putting wells (about \$6000 each) into the 40,000 or so major African villages. The headline cost of such provision is a trifling \$240m, the cost of two US Stealth bombers.

Given the thousands of personnel needed to carry out such an operation and the costs of transport, equipment, salaries etc., the overall cost might be \$1bn. Compare that with the \$300bn US defence budget or the \$150bn already spent on the occupation of Iraq.

Making major inroads into water poverty on a world scale would cost a few billion dollars. Peanuts. What is missing is the political will on behalf of the rich and powerful to make it happen.

Third, it is easily possible to make inroads into the international health crisis. A first obvious step would be to make cheap generic drugs to poor countries, and enable those countries to freely make their own drugs, for example retrovirals for the untold millions affected by the HIV virus. That means abolishing so-called 'intellectual property rights' in drugs, which are merely a source of rents and superprofits for the ultra-rich drug companies.

Drug and vaccination technology of course is just one aspect of tackling the world health crisis. For example, the rise in malaria in Sri Lanka is a result of the demands of the World Bank that publicly-funded malaria clinics be shut down and anti-mosquito spraying of crops and wetlands be ended.

Cuba has been a model of health aid to countries in Latin America and Africa, sending thousands of its doctors to Nicaragua, Venezuela, Mozambique and Angola, to help establish local primary health care facilities such as village clinics, but also to train local health workers. And usually this aid has been totally free. Imagine if the major Western countries, with infinitely more resources, were to carry out a similar world health campaign. But in today's conditions such a operation, apart from the funding, would come up against two obstacles.

Sending hundreds of doctors and other health workers abroad would undermine health services in the advanced countries, because they are almost always under-funded and understaffed. This is just a tiny example of how it impossible to revolutionise life in the poor countries without changing priorities in the rich countries.

All these measures to end the world health crisis, while making big improvements, would ultimately come up against two major barriers. First, all the health facilities in the world, including clean water, will not protect the health of communities that are undernourished. Second, poor communities need basic facilities like electricity, sanitation and decent housing, without which things disease, the weather and inadequate cooking and cleaning facilities will continue to take their toll.

In other words, health depends not only on health care, but an all-round improvement in the quality of life, which cannot be achieved without overcoming the global low-wage economy. And there is the problem. Because the power and the wealth of the owners and controllers of capital in the West – and their local allies in the poor countries, ‘comprador’ elites who play the same role as the ‘gang masters’ in Britain, corraling and controlling cheap labour – depend precisely on maintaining the world cheap labour system.

### **Imperialism versus empowerment**

Overcoming world poverty ultimately revolves round the question of power – power in the rich countries, power in the poor countries. Structural reforms which address poverty include massive transfers of capital and technology from the North to the South; the abolition of the debt; and paying the direct producers –not the local capitalist elites – much more for their commodities; and sending tens of thousands of doctors, engineers, teachers and other experts to assist reconstruction in the poor countries. All this hits at the profits and power of the richest few percent of the world’s population.

The question then is how to empower the powerless and overcome the entrenched power of the rich. Many have argued that education is the key to empowerment. The example of the literacy campaigns in Cuba and Nicaragua shows how education can enable people much better to understand their situation, challenge local hierarchies (including especially male dominance), get better jobs (sometimes) and improve their economic situation (depending on the availability of such jobs).

But it would be terminally naïve to believe that *on its own* the ‘pedagogy of the oppressed’ can transform world poverty. The literacy campaigns in Cuba and Nicaragua occurred *after* revolutions, not before them. The fundamental question is how to revolutionise social relations on a world scale.

The traditional Marxist term for the global cheap labour is ‘imperialism’. In the poor countries, fighting imperialism means conquering real national independence. That is about controlling their own economic resources, giving land to the peasants and meaningful employment to the urban poor. All that means defeating the local pro-imperialist elites, who frequently entrench their power not just by economic privilege, but the massive use of state and para-state violence.

In the North, a huge global justice movement has grown up. Its immediate demands – an end to sweatshop labour, abolish the debt – are absolutely justified. This movement acts as a permanent pressure on Western governments and the big corporations, which in turn are forced to regularly announce new aid and debt-relief ‘initiatives’.

But the global justice movement cannot achieve its long-term objectives without developing a more coherent anti-capitalist and anti-imperialist perspective, which understands that an end to global poverty means an end to imperialism, which in turn means revolutionising power and wealth in the advanced countries too.

In Michael Moore’s film *Fahrenheit 9/11*, George Bush is shown speaking at a dinner of the ultra-rich. He jovially describes them as an audience of the “haves and the have-

mores”. “Some people call you the elite” he says “I call you my base”. Not just witty but true. Without taking power away from them, world poverty is unconquerable.