Global divide between rich and poor essay

For the last five centuries, there has been a growing split throughout the world; this split has been between the " haves" and the " have-nots". These two groups can be defined two ways. One, between the rich and poor in individual countries and two, between the rich and poor countries themselves. Both definitions have seen increasing polarization over the last 500 years, but the definitive century was the last 100 years.

The twentieth century held wealth and fortune beyond the dreams of many, but desperation and famine for many others. Overall, the focus of this paper is the division of wealth by country – most often referenced by the relations between north and south. What we find is a massive wealth buildup in the north, as the south struggles to grow and develop, with the illusion that they can reach the status of the north, and that the north would let them achieve such status. In the pages that follow, we will find reference to political, demographic, social, environmental, and economic information that highlights some of the information, impressions, and ideals of the situation.

Governments around the world have been following neoliberal economic policies of the north for several years, and in the process, trade barriers disappear, public industries are privatized, and corporations have grown large enough that now (instead of the English Empire) the sun never sets on them. Privatization has created many opportunities for these countries to grow, especially in the last decade.

As governments begin to dismantle the industrial holdings created through statist policies, great opportunities arise for MNCs to buy into new marketplaces through privatization. Privatizations in developing countries are increasing in volume and value, from 50 privatizations worth $2. 5 billion in 1998 to 750 privatizations worth $24 billion in 1994. Countries sell off their capital, and let corporations become dominators, sometimes holding more control than the government itself.

Governance does not mean mere government. It means the framework of rules, institutions and established practices that set limits and give incentives for the behavior of individuals, organizations and firms. The challenge is to find the rules and institutions for stronger governance – local, national, regional and global – to preserve the advantages of global markets and competition, but also to provide enough space for human, community and environmental resources to ensure that globalization works for people – not just for profits. The United States has not exactly been a saint throughout these unfolding events, but rather like a country building a colonial empire through economic integration and control.

Rather than working to foster forums of other like-minded nations, the United States has historically sought to undermine groups that it cannot or does not control.

The United States exports more arms than anyone else, and shrugs when violence erupts around the world. Globalization has given new characteristics to conflicts. Feeding these conflicts is the global traffic in weapons, involving new actors and blurring political and business interests.

But still we press on, making an effort to level the playing field in the Americas – but to help the south, or to create additional exploitation? Under a pact, signed at the end of a summit in Canada, only those countries with democratic governments will be able to be part of the free trade zone in the Americas.

Over the last 100 years, the fastest growth in the divide between rich and poor has occurred. By the late 1990s the fifth of the world's people living in the highest-income countries had: 86% of world GDP – the bottom fifth just 1%; 82% of world export markets – the bottom fifth just 1%; 68% of foreign direct investment – the bottom fifth just 1%; 74% of world telephone lines, today's basic means of communication – the bottom fifth just 1. 5%. Inequality between countries has also increased.

The income gap between the fifth of the world's people living in the richest countries and the fifth in the poorest was 30: 1 in 1960, 60: 1 in 1990, and escalated to 74: 1 in 1997. Sometimes it is hard for us to comprehend just how poor other countries are. To purchase a computer would cost the average Bangladeshi more than eight year's income, the average American just one month's wage. Throughout it all, countries on the periphery of global influence are being marginalized, even when following the neoliberal advice of the IMF and others.

Madagascar, Niger, the Russian Federation, Tajikistan and Venezuela are becoming even more marginal – Ironic since many of them are highly " integrated", with exports nearly 30% of GDP for Sub-Saharan Africa and only 19% for the Organization for Economic Cooperation and Development. But these countries hang on the vagaries of global markets, with the prices of primary commodities having fallen to their lowest in a century and a half.

Moreover, the north controls the information, and then uses the information to maintain the misery of and control the global populace. In 1993 just 10 countries accounted for 84% of global research and development expenditures and controlled 95% of the US patents of the past two decades. Moreover, more than 80% of patents granted in developing countries belong to residents of industrial countries. The African continent accounts for almost 70% of HIV infected people worldwide

As globalization spreads, everyone is getting on board, including organized crime. Crime syndicates are growing, and spanning the globe, following the wake of expansionist corporations. As they grow, the world lacks the element of a global judicial body to control these elements.

The fight against global crime requires national police to take cooperative action as rapidly as the crime syndicates do. Business ethics also come into question when in a far away land. When the profit motives of market players get out of hand, they challenge people’s ethics – and sacrifice respect for justice and human rights. When the market goes too far in dominating social and political outcomes, the opportunities and rewards of globalization spread unequally and inequitably – concentrating power and wealth in a select group of people, nations and corporations, marginalizing the others.

The pressures of global competition have led countries and employers to adopt more flexible labor policies with more precarious work arrangements.

One of the most sensitive issues in recent news is the grasp pharmaceutical industries have on the health of people around the world, and how unashamed they are to withhold it from many, especially AIDS related drugs.

Ghanaian President John Kufuor said he hoped the result of the conference would be cheap generic drugs. “ We will be calling on the international community as a whole to make drugs more accessible and affordable to all, especially Africa, since Africa is the continent that suffers the most.” 39 pharmaceutical companies have gone to court to block legislation passed in 1997 which they say will give the South African health minister blanket powers to import or manufacture cheaper versions of brand-name drugs.

The companies maintain the 1997 law puts the future of the industry at risk, threatening the profits that allow them to create and test new drugs. “ This legal challenge is a warning to other developing countries that many within the world’s pharmaceutical industry will use any tactic to defend their patents, whatever the cost in human suffering,” the organizations Oxfam and Medecins Sans Frontieres (MSF) said in a statement on Monday, March 5, 2001.

One area of the growing divide is the sacrifice of the environment for economic growth, especially in LDCs. The World Bank and the IMF’s policy emphasis on expanding exports has been disastrous for the environment. As part of the standard structural adjustment package, the World Bank and the IMF encourage countries to expand their exports so they will have more hard currency (dollars, yen, marks) to pay off their foreign debts.

But this has led countries to overexploit their natural resources. They are cutting down their forests, which contributes to the greenhouse effect. They are pumping chemicals onto their land to produce export crops such as coffee, tea, tobacco and cotton, thus poisoning their land and water.

They are ripping minerals out of the ground at a frantic pace, endangering human lives and the environment in the process.

They are overfishing coastal and international waters, which depletes a resource of the global commons. All of this destruction is aimed at one goal: ensuring that questionable debts can be repaid and the wealthy bankers can have more money to gamble with. The global coal industry and most of the world's oil companies and electric utilities have sought to obfuscate, manipulate, spin, or crush past efforts to promote a renewable energy transition. But the science is now clear. Burning more and more carbon-based fuels into the future will produce a catastrophe.

We have seen economies grow, prosper, and fail throughout the world, but the global divide continues to expand. Now the richest 20 percent of the world's population receives 83% of the world's income, while the poorest 60% of the world's people receive just 5. 6% of the world's income. The richest 20% of the world's population in northern industrial countries uses 70% of the world's energy, 75% of the world's metals, 85% of the world's wood, and 60% of the world's food.

This 20% minority is also responsible for producing about 75% of the world's environmental pollution.

Economic growth will not solve the problems we face. During a period of significant growth in world trade (1960 to 1989), global inequality got significantly worse: the ratio between the richest 20% and poorest 20% of the world population went from 30 to 1, becoming 59 to 1. In Quebec, American leaders pledged to the desire for free trade. The proposed free trade area would eliminate trade barriers from the northern reaches of Canada to Cape Horn in Chile, and become the largest trading bloc in the world once implemented.

Protesters had a message in Quebec, even if the leaders were not listening very well. Competitive markets may be the best guarantee of efficiency, but not necessarily of equity. Financial crises have become increasingly common with the spread and growth of global capital flows.

They result from rapid buildups and reversals of short-term capital flows are likely to recur.

But, there is some benefit of the intrusion of multinationals in impoverished states. When an MNC sets up shop in Kuala Lumpur, its positive presence is felt directly and immediately: a factory building perhaps, two hundred jobs, a fixed and secure salary, increased purchasing power. But when a fund manager buys equity in newly listed Malaysian companies or buys the Malaysian currency, speculating on its strength, the path from their computer terminals to the pockets of the average Malaysian is anything but direct. The neoliberal experiment has failed much more miserably than most people know, even on its own terms – that is, ignoring the distribution of income and wealth. For the last twenty years, Latin America has chalked up about zero growth per capita, as compared to a more than 70% increase in the previous two decades. For Africa, the decline has been even worse, with per capita income actually shrinking over the past twenty years.

The root of First World MNCs aggressive expansion into developing countries is cold, hard economic necessity: they are driven by profit and nothing else.

Import-export statistics should give a clear indication as to who is winning. According to recent trends, it appears that the First World is exporting far more to the developing world than it imports. Still, the third world tries to catch-up, and still they find themselves without the means to do so. Remember that a failure to accumulate capital is the chief reason developing countries have lagged economically. But, all Countries need to rethink their social policies – for redistribution, for safety nets, for the universal provision of social services.

The current debate focuses on the choice between a targeted, minimum cost approach, as in such countries as the United Kingdom and the United States, and a more universalist approach as in the Nordic countries and several continental European countries.

The gap between rich and poor, north and south, haves and have nots, grows every day. It grows between individuals, and it grows between countries. The growing interdependence of people's lives calls for shared values and a shared commitment to the human development of all people. But, if we call for sharing the wealth, who will listen?

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