

The possible ways of reducing global differences in wealth

[Sociology](#), [Poverty](#)



The biggest drop in percent of population living on \$1 or less occurs in East Asia and Pacific, this followed suit with the globalisation of the world, with TNCs spreading across continents. East Asia, china and India have seen the biggest influx of foreign direct aid and seen a massive expansion in their secondary sector. This has brought a surge of higher paying jobs and improved the livelihood of many. The global implications of this have created a different economic climate with increasing power shifting from America to Asia.

The standard rich and poor divide is becoming increasingly blurry with many eastern Asian countries moulding the global future. The implications could be dangerous, though economically China is inspiring, socially and environmentally the country is still in the dark ages and with power shifting are say on human rights and environmental damage is becoming slowly quieter. Sub-Saharan Africa has shown little change in the percentage of population living on \$1 or less. This contradicts the fact that aid has increased dramatically since 1981, showing that aid has little effect on long term success of a country.

The poor inhabitants of Africa has allowed many multinational companies to take advantage of the low paying subsistence farming and have managed to shift control from them to the to TNCs. Cash cropping has become a common place in Africa, with a high dependency on the technology and capabilities of the MEDC companies. Eastern Europe and Central Asia have seen an increase in the percent ever since the 1990s, the breakdown of communism

and caused a vacuum of development as Europe must spread into the global era.

Being slow to take up globalisation the countries of Eastern Europe have seen an increase in poverty as the countries in East Asia and South Asia attract the sights of TNCs. b) With reference to specific examples evaluate the possible ways of reducing global differences in wealth. With connections between the rich and the poor becoming increasingly stronger in the global era, it is becoming increasingly harder to ignore our personal effects on the less fortunate. Ties created in a different social era have suppressed the development of the less economically developed countries.

We have a responsibility to assess our impacts and create a suitable response if we are ever to progress to a world where boundaries no longer exist. The globalisation of the North and South divide has not allowed countries to exploit their potential but instead allowed the power countries to strengthen their hold over the poorer countries. Can we continue to chuck aid aimlessly at countries, increasing their dependence or must our strategies incorporate the social and environmental differences for their true independence?

During the 1900s, many less economically developed countries took advantage of the economic stable environment that allowed small interest rates on loans. Seeing an easy solution to quick development, LEDCs blindly took many loans to fund their own economic and social environments, but the year of 1982 brought a sudden increase of world interest rates. The oil crises placed many poor countries into a spiral of unimaginable debt with the

only solution being to take out more loans, only creating a short period of stability.

So is the solution simply to cancel all debt the "forgive and forget" idea or will it create more problems than it is worth? Most poor countries own billions of pounds of debt, governments of these countries are forced to increase tax, sell of assets (land and resources cheaply) and are easily influenced by the powerful countries. Tourism is one of the biggest industries in the world, and with a set of wealthy countries with wealthy inhabitants wanting to see the warm and different sections of the world; it poses a great asset that many LEDCs can exploit.

The individual and unique locations that many LEDCs own means that tourism could offer a possible solution to the wealthy divide. But a hidden danger lies in this so called silver bullet. Many LEDCs see the opportunity of tourism, but the exploitation of this has placed most of the inhabitants of the hot country feeling subjugated. Vietnam is a classical example of a naturally beautiful country with high amounts of debt, its unique social lifestyle and unspoiled countryside has attracted many people. Unfortunately the government has placed too much emphasis on tourism and society has felt the re-precautions.

With wealthy westerners and their bulging wallets, the Vietnamese government has done what it can to part the people with their money. This includes selling land in rural areas used as farming for subsistence farmers to build hotels and tourist attractions. Forcing people out of their villages to

create a fake village aimed solely at selling souvenirs and creating money thus creating social hostility as age old traditions are placed on hold for the welcoming of the westerners. In one case in a small village called Hanoi, a small battle took place as builders fought with the locals for a section of land destined for a supermarket.

Even though tourism is a possible source of money and if tapped properly can benefit Vietnam, the reality is often less fair. Most money made by tourism is often injected back into tourism, many used for infrastructure and amenities is designed for westerners. Supermarkets and hotels are unlikely to benefit the locals with most jobs not going to local population, even if tourism has a positive effect on the locals, they are often highly dependent on the tourists seasons and good weather. Many resorts in Vietnam are owned and controlled by TNCs, removing the major economic benefits to their base countries often in the MEDCs.

Tourism is a powerful industry but as seen in Vietnam can often just be an extension of the western world, the original purpose of advancing the country through careful exploitation of their country can often create hostility or great dependence on the wealth of the MEDCs. If the countries are ever going to develop they can't solely base their economic status on the money of the powerful ones. Aid is seen by many people and governments as simply helping the poor, but the fact is giving aid is more complex than is expected.

Aid is identified as the transfer of resources encouraging economic growth in developing countries, but simply saying we are giving money to LEDCs doesn't make it aid. Foreign aid is aid given by more economically developed countries and must fit the criteria of not giving commercial benefits for the donor country, but most aid has strings attached. For example the British government has funded many projects in LEDCs including Malaysia's Pergau hydro-electric dam scheme. i?? 234 million pounds was given as conditional aid to Malaysia but soon came out that in conjunction Malaysia was signed to numerous million pounds defence contracts.

Short term aid and charitable organisations should also ways be welcome. Emergency aid is essential for any country both MEDC and LEDC and charitable organisations is specialised aid that is appropriate for many countries while pumping aid into infrastructure that is widely inappropriate for the peoples social and economic development will again only create another dependency. Fair trade is an old idea, but only in recent years has become more prominent as consumer demands change to recent awareness of poverty.

It is a simple idea that doesn't require huge funds into countries and aims to level the playing field of the trading game. In Ethiopia, banana prices were at a 50 year low and with a continuous increase in banana production it was set to further decrease. Essentially producers were competing with other local producers unaware the rare deal they have. Ethiopia has a wealth of resources and the fractured banana industry has only allowed TNCs and

countries to exploit the fragile industry, placing the producers with little power to negotiate. This is where fair trade bananas took hold.

By joining numerous producers together offering increased profit and not reducing quality, they are given more power over the export business. Fair trade offers consumers a moral choice, though more expensive than supermarket brands it hasn't dampened the fair trade business. Fair trade works simply because it doesn't rely on funding; it relies on creating a sustainable and suitable environment for primary industry to flourish. MEDCs do rely heavily on LEDCs and their primary production, but simply bullying and controlling the world market has led to an uninspiring industry.

The key word is sustainable development of industry, unlike foreign aid which can fluctuate and sometimes doesn't directly go to the people who need it, fair trade is aimed at the most poverty stricken societies. The future of the world depends on the united front of all the countries, if we are ever going to be able to progress as a society we have a responsibility to breakdown the invisible walls that separate us. This can't be done by taking pity or forcing our help on to them we must create a global climate for them to grow and develop without being constricted by the politics and greediness of the power countries.

The simple fact is most LEDCs have the capabilities and resources to remove themselves from poverty, and given the chance will be able to. Though our responsibility in their future should be little, we must object to political terrorism and dictators and even our dictatorial control. Most LEDCs

should develop without the influences of the western world; they are individual countries that should exploit the needs of the western world. The less economically developed countries must stand on their own two feet, without the pillars of the MEDC telling them were to stand.