



WT22 –Wealth and poverty: the search for a social model

City : BE - Antwerp

European Anti Poverty Network : www.eapn.org

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Workshop presentation and general background

While the new scientific and technical developments and then the globalisation of exchanges and the rapid growth of international trade have been very distinctive these last 50 years and have, at the global scale, produced a rapid increase in the average income per inhabitant, this growth has not equally benefited all peoples and all social classes.

Some have long defended that, at the nation level, these evolutions made the richest richer and made the poorest poorer. In reality, as the rapid development of China and India after that of other Asian countries moreover shows the « dematerialisation » of the economy, in which knowledge and know-how represent an increasingly important factor of production, and the globalisation of exchanges, with what this involves in the massive transfer of technologies, seems rather to be leading to a gradual reconciliation – whether it's judged as too fast or too slow is another story – of the technological and economic levels of most of the great regional groups, Africa excluded. On the other hand, this movement of levelling out is generally accompanied in each society by an increasingly greater differentiation between rich and poor, especially, as is the historic rule, in the initial stages of economic development.

In Europe, especially after the Second World War, powerful redistribution mechanisms had been set up within the framework of what is commonly called « welfare states » in the context which was that of the second industrial revolution: mass production mobilising labour and machines, an economy for which national borders still had a reality.

The political history of China has been appreciably different. From 1949 to 1978, the State had a hold on all of society and especially on the economy in levelling out the levels of lifestyles, with scarcity of consumer goods and central role of the State in redistribution. However, the transformation since 1978 has been drastic. A new class of very rich developed rapidly. Although statistics indicate that this development has been accompanied by a general reduction of poverty and the emergence of a middle class of several hundreds of millions of people, the new social disparities are all the more sharply felt since the State has withdrawn from many sectors of economic and social life and no longer provides the widespread redistribution and the general taking in hand that characterised the previous stage. In the new technical systems that have massive recourse to scientific and technical knowledge and to computers, many unskilled activities are losing their need for being, and, to state it bluntly, the rich need the poor less and less.

The national economies are gradually losing their autonomy. The economic and socio-national systems are clashing in immense international competition. In this game, the systems of redistribution set up by the welfare states find themselves put into question. Despite a generally growing hold of the public sector on the whole of economic and social life, the States are perceived as less protecting than in the past. This is the context in which new models of harmonious societies must be invented. The objective of the workshop is to take advantage of the reflections of various people, as much through the comparison of various European models as by the even broader comparison between Europe and China.

(As prime mover of this workshop, EAPN is more in touch with the situation in the European Union. Therefore this introduction will highlight more the situation in Europe than in China. We hope that other participants who know more about China will respond to our invitation to make similar reflections from the Chinese point of view.)

Globalisation and wealth... and the role of the European Union

In that comparison between China and Europe globalisation comes into the picture. Managed wisely, new wealth created by globalisation provides the opportunity to lift millions of the world's poorest people out of poverty. Managed badly and it could lead to their further marginalisation and impoverishment. Neither outcome is predetermined; it depends on the policy choices adopted by governments, international institutions, the private sector and civil society and the capacity to arrive at a new consensus for change based on a new order of world governance.

The national and continental politics of welfare and well-being have taken on a global dimension with a struggle of ideas being waged over the validity of promoting economic goals at the expense of social cohesion. In the European Union, the original integrated vision of "Lisbon" based on equal economic, social and environmental pillars has been reduced to a narrow "Growth and Jobs" strategy. This prioritises the liberalisation of the market, increased flexibility in employment, privatisation of public services and modernisation of social protection systems from the view of cuts and "rolling back" provision of the welfare states. On the other hand, traditional social democratic parties and the civil society organizations with many NGOs at the forefront of the debate advocate the need for social cohesive societies: not cutting back, but reinforcing social rights for all. If the European Union is to play a role in the global context as an "antipode" to the hegemonic neoliberal American paradigm of free market dominance, then the European Social Model needs to be strengthened and reinforced. It needs to prove that economic growth, sustainable development and social cohesion are not conflicting goals.

Many new global social movements have developed strong oppositional discourses, arguing for global alternatives and providing an open space for creative dialogue to all the manifestations of civil society and particularly NGOs. Some of them developed concrete world wide plans to move to a more dignified society. Therefore a restructuring of the existing institutional framework is necessary with a more leading role for a reviewed and renewed United Nations, with a more representative position of the developing countries and less monopolization by a few 'developed' countries. Organizations who have a worldwide influence and power (the World Trade Organization, the International Monetary Fund and the World Bank) should be brought under the competence and democratic control of a renewed (more democratic and representative) United Nations. Such plans have been developed, described and published already in a rather concrete way for instance (amongst others) by the 'International Forum on Globalization' (www.ifg.org).

It is through these strong alliance building processes, based on more participative and more just representative democracy, that the struggle for global social justice, solidarity and equality will be enhanced and finally – on the long term – can be realized.

At the global level, the EU has a particularly important role in this, building on the strength of the European Social Model and working to promote an ethical sustainable model of development across the world.. The EU should promote the elaboration of a truly global legal order, building on the Universal Declaration of Human Rights, and the UN covenants on civil and political, as well as economic and social rights. It should also contribute to strengthening international institutions as well as a much more decisive commitment to sustainable development and redistributive justice at the regional and international levels.

However, the European political leaders seem to be narrowly focussed on the need for turning the EU into the most competitive region of the world. But, what implications does it have for the poor in Europe and for the poor abroad? Is it all about fostering competitiveness or about promoting solidarity within Europe and from Europe to the rest of the world? Making poverty history requires a sharp change of our economic paradigms, led by a strong

political will to phase out the most threatening challenges to human civilization, such as ecological degradation and social injustice.

At the local level, NGO's working with and for people experiencing poverty have a vital role to play, supporting participation and empowerment and working with other stakeholders to ensure that people are a part of the solution, building from the base. But, how can the links be made between local communities fighting against poverty across the globe. ? How can we ensure that bottom-up movements are linked effectively with lobbying actions developed by Development NGOs and others to challenge the global model and practices?

A good life for all

One of the great illusions of recent decades has been that market forces by themselves can pull the poorest countries and the poorest populations in all countries out of the morass they are in. Development policies designed to alleviate poverty, cannot be left to markets alone. While we see that the wealth of the rich is increasing in almost all the parts of the world, poverty isn't diminishing... on the contrary!

Social policies design to combat social exclusion and reduce persistent categorical inequalities must focus on the needs and rights of specific categories or groups in society. But they must do so in areas that make a difference in promoting a vision of global sustainable development both in the content: that is, productive activities, the ownership and control of the means of production and the fruits of labour, the organization of the workplace as well as in the promotion of adequate social protection systems and in policies to protect the environment;. But also in the governance process: decision-making processes at local, regional, national and global levels,, legal framework enabling autonomous participation, respect for cultural differences and social identities and, of course, representative and participative governance.

Human needs and human rights can best be served through the articulation of people-oriented participatory institutions at all levels of society. The state must be seen not only as a regulatory mechanism for diverse and sometimes conflictive interests, but also as an instrument for the achievement of socially desired collective goods and the well-being of all of society's members. Such a state can only be built up from the grassroots level, and can thrive only in a democratic environment. NGO's have a vital role to play in ensuring the empowerment of individuals and communities towards this end.

From an economic community to a union... in a globalised world

The European Union has still a long way to go to respond to its real mission and hasn't realised yet the consequences of the change of its title throughout the years. It started as a 'European Community of Coal and Steel', limited to those two areas. After a while it became the 'European Economic Community', with more competences than only the initial two domains. Since many years now it intends to be a 'European Union', which means much more than only an 'economic community'. Unfortunately it seems that this changed mission and aspirations have not really reach the minds of all actors on the European field.

In principle, as we mentioned already, the change is reflected in the overall policy strategy called 'the Lisbon Strategy' with his tree pillars: growth and jobs (economic pillar), social protection and social inclusion (social pillar) and sustainable development (environmental pillar). In the discourse these tree pillars are put on foot of equality, but in practice much more attention and priority go to the economic pillar. By focusing only at the internal market, political leaders of the European Union and of the member states have not realised yet or maybe not quite understood even the full meaning of the mission of the 'European Union'. Policy makers must understand that the market serves only as a necessary mechanism for the allocation of certain kinds of consumer goods and services, and a stimulant to changes in productivity, not as the judge and provider of socially valued collective goods. These

collective goods can only be obtained through politics: the politics of consensus building, collective participation, transparent decision making and democratic commitments, inspired by the values of freedom, justice and solidarity. So, it should be clear that the market is an instrument at the service of higher values and objectives. The final objective of the market and enterprises (as tools of the market) is not to make profit for itself or its individual shareholders and to become the most competitive actor in the economic field at any cost. They have to be seen as subordinate to the individual and collective development of all citizens in the country... and because we live in a globalised society... of all citizens in the world.

Wealth and poverty... the link

There is a clear link between wealth and how it is understood and distributed and the reality of poverty and social exclusion. There is also a clear link between wealth and its distribution and the possibilities to have a European Social Model that is based on the key value of, a high level of Social Protection. Despite this reality there is too little known about wealth in the EU Member States. The debate about wealth is a necessary complement to the debate about poverty in the EU. The vision behind this debate is to consider the 'rich possibilities of wealth' to create a society, where all people have access to fundamental rights.

A new definition of wealth

The term wealth must not be restricted to property and assets alone; a society can also be wealthy in terms of its public goods and services. Similarly, the wealth of individuals is not only determined by their property, but to a much higher degree by what they can do and be. Individual quality of life, thus, depends to a great extent on full access to high quality goods and services, information and knowledge.

Instead of demonising wealth one should therefore focus on its inherent potential which could be to truly set people free, if the mechanisms of (re-)distribution were changed.

The definition of wealth thus has to be questioned in the same way as definitions of poverty.

Greed as a driving force for the growth of wealth.

In his classic economic theory published in the 18th century Adam Smith defined human beings as beings with an acquisitive drive. In doing so he succeeded to transform greed from a sin to the main driving force of the economy. Since then, infinite desire and growth form central values not only of a capitalist economy but increasingly also of society in general.

In order to gain a new perspective on wealth – and consequently, also a new and more just way of distributing it – this as well as other usually rather unquestioned economic principles need to be challenged.

Historically, economy was always understood to be about the distribution of scarce goods. But today, at least in industrial countries – or from a perspective that regards the world as one community - there is no actual scarcity of goods, on the contrary, looking at our societies we can truly speak of existing affluence, which clearly indicates that poverty could be eradicated if there were a political will to redistribute wealth.

The growing influence of the very rich

Another ethically as well as politically worrying development is the increase of influence of a small number of wealthy people not only on economic policy but on politics in general.

To a growing extent, the power of definition lies in the hands of the very rich. According to *their* values and needs, the concept of freedom for example, is increasingly restricted to denote economic freedom only, while responsibility and solidarity tend to be regarded as merely personal qualities rather than values and duties of a society. At the same time security is mainly viewed as the need to secure property – and borders – while justice less

and less seems to be perceived as a value to strive for as free market processes supposedly regulate everything in the best way.

The more the accountability of governments shifts to the wealthy, the smaller the budgets become for public sector spending (including social services and infrastructures). While a ruling class which can be typified as being of young, white, educated and very well off men, mostly making their money through gambling at stock market or through inheriting fortunes from their families seem to be taking over key political roles, a significant change of social climate can be felt.

Discrediting the welfare state and a solidarity-based tax system are as much part of this development as is the growing privatisation and liberalisation of public services, which are only some indicators of the principles of market economy taking over in all areas of life including individual households, the non-profit-sector and the State itself.

A wealthy society

The EU is standing at a crossroads today. We have put social issues on the agenda with bold commitments from EU leaders. But we are still confronted with the reality that 72 million people in the EU are facing poverty. What is needed is a fundamental re-think of the EU's social and economic policies, to ensure that all policies are aimed at fighting poverty and social exclusion. Decisions taken over the next years will determine if we are really moving forwards or not.

Nonetheless it has to be repeated that a society's wealth could be regarded and distributed quite differently. If what counts is the good life of all members of a society, a wealthy society would be the one that is able to guarantee a minimum income for everyone, affordable access to good quality social goods and services (education, health prevention, public transport, child-care facilities, counselling centres etc.) and solidarity in sharing risks. A wealthy society thus would be a society that provides all of its members with the capabilities that are needed to ensure a good life for all.

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