

# The End Of Poverty

With so much wealth in the world, why is there still so much poverty?



## Land Appropriation

The loss of land rights by small-scale farmers was not only an economic catastrophe. It also undermined cultural and political development as well.

Economically, the destruction of small-scale farming and the creation of plantation agriculture prevented the development of a class of people who were economically capable of buying the crafts that an industrializing society is capable of producing. This stunted the growth of the middle class and led to the creation of societies plagued with mass poverty instead.

Socially, massive land appropriations created a stratified society, in which a few landowners dominated the lives of numerous workers. This created a mentality of subservience that has continued to the present.

Culturally, the connection to land has religious significance and is a factor in maintaining continuity of traditions. Land dispossession thus led to cultural poverty that is hard to measure, but which is just as important as income poverty.

Politically, any society that fails to sustain a large base of people who have some degree of economic independence cannot be self-governing. People who are economically dependent are very unlikely to be politically independent. Thus, even in the absence of colonial rule, the loss of land rights and the concentration of land ownership destroyed the basis of self-governance in many countries.

## Trade

The proponents of economic liberalism speak about free trade as if it were the primary solution to poverty. But trade can deepen poverty as well as alleviate it. Trade theory suggests that a balance or equilibrium inevitably occurs, but in fact, it may lead to employment and prosperity in one country, and unemployment and misery in another. That sort of imbalance occurs particularly in the case of trade between countries that are on different levels of development. It may lock an agrarian economy into a permanent condition of low productivity and low wages.

Many countries in the last century have sought to develop behind tariffs until their economy is strong enough to compete with rest of world, just as Europe, Japan, and the US did in the past. The development of the economies of East Asia is the most recent example of how this can actually work. Recently, the United States and European powers through the WTO (World Trade Organization) have prevented Third-World countries from developing behind tariffs and actually imposed tariffs to prevent the import of furnished goods from Third-World countries. The North has promoted "free trade" in developing countries, but it has not practiced what it preaches.

One of the most pernicious practices that deprives poor countries of the income they produce is "transfer pricing". That is a method by which corporations operating in a poor country sell the products for a low price to a subsidiary company that operates in a tax haven, then resell the products for a high price (and high profit) in a rich country. A great deal of "trade" takes this form. It artificially depresses the incomes of people

in poor countries and raises the incomes of the stock-holders of the corporations. It also deprives poor governments of tax revenue, which means they are limited in their ability to provide public services, which are of enormous importance to the poor.