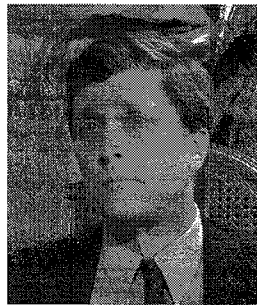

Cliff Cobb Historian, Author

Poverty stems from inequality of power. It began with the invention of agriculture, at which point the warrior class extracted a surplus from peasants and created cities. At every point in history, when agricultural technology allowed an increase in food production, greater poverty resulted, because the surplus was taken, leaving workers and peasants worse off than before. Poverty did not slowly decline over time. Wages rose and fell in waves over hundreds of years. For example, European workers were generally better off in 1450 than in 1850. Enclosures (land privatization) created poverty in Europe after 1500, partially under the influence of Protestant theology, which emphasized private salvation and private property and de-emphasized social reciprocity. Colonialism carried the same ideology to the rest of the world. The same instruments that inflicted poverty on workers in Europe were used to dominate people in other countries. In addition, trade patterns in the post-colonial era have not been mutually beneficial. The countries of the South have not been allowed to use tariffs to initiate the development of manufacturing. In addition, many poor countries are still tied to the colonial pattern of exporting raw materials



tion, whenever new technology allows an increase in productivity, the result is not prosperity for everyone, but instead, a few benefit while the majority suffer. A late 19th century economist, Henry George, offered an explanation of the poverty paradox in a book called *Progress and Poverty*. He explained why an increase in prosperity for society causes increased poverty to the majority of people. There is a fixed amount of natural resources in the world and those who own the resources: land, air, water, and so on, are able to charge higher and higher prices for them as an economy develops. Those who own land can become wealthy simply by charging more rent to the people who need to use it to live and to work. The people who have to pay the landlord more money are made worse off than they were before. That is the basic mechanism by which increased output causes most people to become poorer.

It may help to consider a fictitious example of a society in which there is only one oasis that has all the water, to which everyone has to come for their water supply. If a single person owned that water supply, that oasis, we would all be forced to pay as much money as we were able to for that water. Yet, it could in fact be owned by everyone because it came from nature. There is no particular reason for one person to own it. After a while, or perhaps even in short order, some people would begin to feel intense resentment. There might be an eruption of violence as people began to try to overthrow the people who own that resource and take it.

Waves of Poverty in European History

Most people have the impression that poverty slowly declined throughout European history as progress was made. In fact, poverty did not slowly decline. It occurred in waves. Starting in the year 800, there was gradual improvement in the lives of people for the next 400 years. After about 1200, things began to get worse. Food intake declined, and the population of Europe became less disease resistant. When the bubonic plague struck Europe in 1348, between 30 and 40 percent of the population died of disease within two or three years. During the next 150 years, from 1350 to 1500, because there were fewer peasants working the land, they were actually able to get higher wages, as were the urban workers. The period from 1400 to 1500, was a golden age for European workers. After 1500, wages declined in Europe. They did not rise to the same level as 1500 until around 1900, four centuries later.

As the economy began to grow after 1500, output and prices rose. The landowning gentry, the wealthiest people in society, were able to buy up land from small farmers. The gentry, the wealthy elite, became richer, and the

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peasants became poorer and lost their land. During the reign of Queen Elizabeth, poverty and landlessness became a big problem in England. There were bands of vagrants roaming the roads. There was a rise in the crime rate in England in the 1500s that resulted, very specifically, because of the increase of landlessness. That had not happened before. Poverty on that scale was a new phenomenon in Europe after 1550.

Enclosures Cause Poverty from 1500 to 1900

The decline of wages in early modern Europe happened largely because of enclosures, starting in the 16th century. The word enclosure may create the wrong impression. It does not mean putting a fence around something. Enclosure actually refers to a legal process whereby one person gains private control over a larger amount of land.

There were two categories of common lands that were enclosed. First, there were common fields that were cultivated. Each farmer in the village had individual plots or strips as his or her allotment. During a certain period of the year, the sheep would graze on this cultivated area, and their droppings would fertilize the fields. Second, there were common areas that were not cultivated, called wastelands. Those areas provided firewood, fish, and grazing land for sheep and cattle. Access to that land was very important for the subsistence of people, because the amount of grain they were growing on their land in the enclosed area was often not enough to actually feed them. They needed to catch fish and graze cattle to supplement their meager diets.

The enclosure process was two-fold, corresponding to the two types of commons. First, the landlords rescinded rights of access to the wastelands. Technically speaking, the nobility or gentry already had feudal rights over most of the land in and around the village, but they had traditionally granted the villagers rights of access to the wastelands. As the value of land rose, however, these conventional rights were denied. For example, the story of Robin Hood shows how access was denied to the forest to hunt or gather wood, because that forest belonged to the lord. The process of privatizing the common wastelands continued over the next few centuries. By the 19th century, little land was left in England for gathering food and fuel for subsistence.

Second, the enclosure of the cultivated fields required consolidation of separate strips of land. The gentry believed they could farm more productively if they had an unbroken tract of land. They consolidated strips of land either through cooperative agreements with the village or by a special Act of Parliament that gave them the authority to take over that land.

At least in theory, the new owners paid compensation, but when property was seized through eminent domain, many people felt they were not fully compensated. Even if they were compensated in one generation, the future generations of small-scale farmers lost that land, so that, over time, a smaller proportion of the population owned most of the land.

By 1700, at least one half of the land of England had been enclosed. Few independent farm operators survived the process. Millions of displaced people became dependent on someone else for work. Farm tenants had to pay full market rent for the land they cultivated, as they were no longer protected by customary rules. Day laborers received wages below subsistence. By the late 18th century, factories began to attract people from the countryside, because they paid wages slightly higher than farm wages. Since the life expectancy of factory workers was only 25 to 35 at that time, and since workers were fleeing the countryside to work in factories, living conditions in the countryside must have been worse.

Workers driven into cities by the enclosures had nothing to sell but their labor. They were at the mercy of the mill owners. As the novels of Charles Dickens show, they were paid miserably and lived very poorly. In fact, in the absence of drinking beer, most people in England would not have had enough calories to survive.* They were living at the margin of subsistence. In the 19th century, even a 5 or 6 percent excise tax on sugar or beer made the difference between getting enough to eat and slowly starving. Consumption taxes lowered the standard of living for a lot of people and probably reduced their life expectancy. They were that close to the margin.

Even though it might not be obvious, the loss of the commons is directly related to the situation we face today. Thomas Jefferson believed the backbone of modern democracy was widespread ownership of land and small businesses. He wanted to prevent big business from dominating society, because he was skeptical that democracy could function if most people worked for somebody else. The enclosure of the commons not only hurt small-scale farming, it also created economic conditions under which small business would have difficulty sustaining itself alongside big business.

We still live in an economy that allows a few large entities to engulf others. The basic problem is the lack of reciprocity. If everyone had to pay

* Beer provided between 20 and 30 percent of the daily calories required. Beer is a good way of storing grain, because fermentation allows it to be kept for a long time without rotting. But the necessity of drinking beer as a means of survival is an indication of the actual level of poverty for most people.

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for what they took from the commons, then it would be much more difficult for anyone to amass the wealth required to absorb the property of other people. But in a society in which reciprocity breaks down, wealth becomes more concentrated, and small-scale operations are absorbed or displaced. That has been taking place for hundreds of years.

Protestantism and Privatization

Part of the reason enclosures began after 1500, is related to the Protestant Reformation that began in 1517. Protestantism was developing as a new form of Christianity that was very individualistic. For Protestants, each individual was responsible for his or her own salvation. This tied in very closely with the emerging idea of private property. Feudalism was based on the idea that if you owned something you also had a social obligation; there was a connection between owning and owing. Private possession by families had existed for centuries, but it was always tied to some communal affiliation.

Starting in the 16th century the idea arose of private ownership without any obligation to the community. That was a radical change because it meant the loss of a sense of reciprocity. Private property was based on the idea that individuals should be solely responsible and solely have claim over a particular piece of land, and would not have any obligations to the community. If you owned property, you could use it any way you wanted. It was everyone for himself. So the individualism of theology was connected with the individualism of private property ownership. Those who favored private ownership were often attracted to Protestantism. The people with an affinity for Protestantism were largely merchants and landlords who saw some advantage to them if they could break the old feudal ties and deny that they still owed something to society. They wanted a pure economic relationship of work for money, and cash payments of land rent, not the mutual obligations of feudalism.

This was the beginning of capitalism—the marriage of a religious idea of individualism and a property-owning idea of individualism. The basic idea was that you do not owe anybody anything—not the government and not your neighbor; your wealth is all yours. That has never happened completely, because there have always been taxes and regulations. But in the 21st century, when neoliberals talk about privatization, private property rights, and the poor being responsible for their own condition, they are extrapolating this logic and saying, “If I own something, I do not owe anybody anything. I do not owe taxes. You cannot regulate me. It is mine, all mine.” That way of thinking is rooted in the Protestant notion of radical individualism.

The logic of academic economics reinforces that doctrine. If people are poor, they are blamed as individuals for not having invested enough in "human capital" (education). Some economists support a little charity in the form of welfare programs. But few economists speak about why ownership of property is so concentrated. Instead, they focus on education as the solution to poverty. In doing so, they distract the public from raising questions about the historic roots of inequality in the unequal distribution of property.

Colonies Make Poverty Global

One of the safety valves for European poverty in the early modern period was the possibility of migrating overseas to colonies established by Europeans. There is a direct correlation between the impoverishment of European workers and the colonization of other lands. First of all, it provided a safety valve. If colonization had not existed, revolutions would have been far more frequent in Europe than they were. Second, the same process that the European elite used to take away the land from the peasants in Europe was used in Asia, Africa and Latin America. In that way, the European elites were able to increase their power. So, even though some Europeans benefited by colonizing the rest of the world, the average European did not benefit. If European peasants and workers had benefited, average wages would have gone up, but they did not. The only people to benefit were the top 3 to 5 percent of European society. So European society, as a whole, was being treated very much like the exploited, colonized people in other parts of the world.

The Irony of the "Free Trade" Ideology

There is a great irony today that the developed countries of the world are talking about free trade as if that is the solution to the problem of poverty in the world. Historically, almost every country that developed did so by building a wall of protection around itself. England was the first country to develop an industrial structure in the eighteenth and nineteenth centuries. After they developed, they pronounced that free trade was good for everyone, when in fact it was good for England alone. One of the major reasons for the American Revolution was to enable the American colonies to develop enough economic independence behind tariff barriers so their infant industries were able to thrive. Only at that point were they able to compete with England. Much of the history of the last couple of centuries has been an effort of countries to become economically independent through tariffs, to be able to develop manufactured goods. If they fail to do

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that, countries become dependent on raw material exports, which is a problem. The economies of East Asia most recently developed using tariffs. Once they were able to enter the world economy on the same footing as everybody else, they removed the tariffs. But it is essential for most countries to use tariffs as a way of reaching that point. The United States and Europe have prevented Third World countries from doing that. The rich nations are not practicing free trade. They have imposed tariffs to prevent the import of finished goods from developing nations. Yet they are telling the Third World to practice free trade. There is a deep irony in all of this. That is a way of keeping Third World countries in their place and preventing them from ever developing.

Poverty and the Terms of Trade

One of the legacies of colonialism is that the poor countries of the Third World are continuing to export raw materials and the countries of Europe and North America produce and export finished products. This stems from a practice that was developed long ago, and the intention was to make sure that the countries of the Third World remain backward and remain dependent and are never able to develop. So to this day they are continuing to survive on the export of raw materials. That has always been to the disadvantage of the country exporting the raw materials, and it gets worse each year.

The terms of trade are against the exporter of raw materials. The price of raw materials has gone down over time, but the price of finished goods, which contain a lot of value added in the form of labor, rise in price each year. Third World countries pay more for what they receive in trade and they are paid less for what they export. As a result, Third World countries remain impoverished.

Justice, Not Charity

To put an end to world poverty would require three elements. First we would have to change the international trade system to make it fair for all countries. We need to end the process whereby the rich nations of the north are continually able to extract wealth from the south. The second element involves dealing with a problem that has accumulated because of the unfair trade system of the last 50 years. The accumulation of debt in most third world countries makes it impossible for them to grow out of poverty. So ending the debt by forgiving it, and forgiving it unconditionally with no

strings attached is the second requirement for ending poverty in the world. The third element would be to end monopoly control of resources. The resources of nature are given to all of us and yet a handful of people and corporations have control over them, oil companies being a prime example. If we could enable everyone to benefit from those resources, we could end poverty. And the way to do that is by restoring the idea of the commons. Those resources exist for all of us in common. That does not mean we have to own a little share of each resource—an oil well or piece of a river. It means that the value of those resources that is currently privatized by corporate shareholders of oil companies, mining companies, or real estate syndicates, would be shared by all. That is what the commons means. That is what we should be aiming for if we are interested in ending poverty.

By analyzing poverty into those three elements, we can also begin to understand why poverty is so much more extreme in Third World countries of the South than it is in First World countries in the North. In the North, poverty exists largely because the resources are owned by a small elite of individuals and corporations. In the South the same is true: the resource division is equally skewed towards a small elite. But the South also faces the continuing problems of unbalanced trade and of debt. Poverty exists in every country in the world. There is no denying that. But the poverty is more extreme in the countries that are dealing with this triple problem of trade, debt and monopoly power over resources.

To summarize, poverty in the world cannot be eliminated unless the poor themselves say, "We insist on justice, not charity." One example of that justice is forgiving international debt. That is simple justice because of the corrupt way the debt was created. The second element would be to change the tax system in every country of the world. Right now most taxes fall on the poor in the form of consumption taxes and taxes on wages. If justice is to be done, most of the taxes should fall on property ownership and not on wages. Third, the poor should demand agrarian reform, land reform, restoring land to the people who actually work on it, instead of a few landowners. A fourth thing is to end privatization of natural resources. We have seen in Bolivia what is possible, where the Bolivian people took back the water that had been given to Bechtel and they forced Bechtel out of the country. Now the Bolivian people once more own that water.