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Global inequality: Bringing politics back in

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ABSTRACT *Data on contemporary global inequality are dramatic, widely known and a new conventional backdrop. In research and policy economists lead the way and the emphasis is on global poverty rather than inequality. Within nations poverty is a challenge, while inequality is not; on a world scale, arguably it is the other way round. The international policy focus on poverty alleviation coexists with neoliberal policies that widen inequality domestically and internationally. A strategic question is where the data depart from the conventional wisdom. Thus a general assumption is that inequality within countries is largest in poor countries; the widest inequality, however, is found within the USA and UK. The conventional assumption is that neoliberal policies and free trade lift all tides; those countries and periods, however, where this policy has been most consistently implemented show the steepest increase in inequality. Global inequality helps sustain domestic privilege. The belief that the risks that global inequality poses can be contained in the global margins is contradicted by the cross-border effects of environmental degradation, migration, transnational crime and terrorism. In explaining global inequality, economic accounts ignore inequal relations of power. The combined policies of developmental discipline, global integration, and marginalisation and containment may be viewed as part of a single process of hierarchical integration, which has turbulence built in.*

The data on contemporary human inequality are dramatic and widely known.

> Consider the relative income shares of the richest and poorest 20% of the world's people. Between 1960 and 1991 the share of the richest 20% rose from 70% of global income to 85%—while that of the poorest declined from 2.3% to 1.4%. So, the ratio of the shares of the richest and the poorest increased from 30:1 to 61:1—by 1991 more than 85% of the world's population received only 15% of its income (UNDP, 1996: 13).

Now about a third of the world population—1.3 billion people—live on incomes of less than one dollar a day. Taking two dollars per day as the poverty line, 2.8 billion out of six billion people lived in poverty in the early 1990s (Walton, 1997: 2).

Overall discrepancies in income and wealth are now vast to the point of being grotesque. The discrepancies in livelihoods across the world are so large that they

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are without historical precedent and without conceivable justification—economic, moral or otherwise. Several circumstances with regard to global inequality stand out. While global economic integration has grown over the past few decades, global inequality has increased. Global inequality has increased sharply since the 1980s, in a clear rupture with the pattern over previous decades. The growth of extreme poverty coincides with an explosion of wealth over the same time period. Conventional arguments to explain global inequality have been losing their validity over time, rapidly so in light of the recent widening of global inequality. Economists lead the way in global poverty research and operational research and technical analyses predominate. Research and policy focus on global poverty rather than global inequality. While international institutions set the agenda in world development their institutional room for manoeuvre is restricted. Does this explain why current approaches to reducing global poverty are fundamentally incoherent?

These are the main concerns of this article. After introducing the theme of global inequality, the line of argument is to look beyond measurements of global poverty to global inequality. This prompts the question of what light growing global inequality sheds on the conventional arguments that explain inequality and inform policy. The closing section seeks to examine contemporary perplexities from the viewpoint of political considerations.

Global inequality

The emergence of global inequality as a theme implies a horizon that is global and adopts human equality as a norm. Equality as a general sensibility arose with liberalism and socialism (Franklin, 1997). As a theme global inequality goes back by and large to the mid-twentieth century. As a global sensibility it is part of the postwar era shaped by the United Nations and the adoption of the Universal Declaration of Human Rights. UN agencies such as the UNDP, UNRISD, UNICEF and UNESCO have done much to monitor world-scale inequality. As part of the creation of global order and representing a worldwide momentum that places all nations on a common platform, UN agencies embody and have educated the world to a global sensibility, while being part of the international power structure.

Global inequality evokes what has been termed the ‘second great transformation’, the transformation from national market capitalism to global capitalism. Themes that ring familiar from the time of the first great transformation—the ‘social question’, the ‘victims of progress’, the divide between rich and poor—are now amplified on a world scale. Domestic differences endure and now come back as global differences too. Yet the global setting is quite unlike the national settings in which these questions were first faced.

One hurdle is that, while in domestic society the good life can be discussed, the international domain has long been viewed as an anarchic, Hobbesian domain of ‘mere survival’. Within societies there is a social contract, but on a world scale? There are cross-border rights, such as the right to development, but is there a cross-border social contract? Solidarity has deep cultural and national roots but so far, according to many, thin transnational roots. The question ‘can egalitarianism survive internationalisation?’ (Cohen & Rogers, 1997) elicits profoundly different answers. Differences run between perspectives that take the viewpoint of moral obligation or that of risk, and between egalitarian and non-egalitarian perspectives on global inequality.[1] With regard to social justice, the spectrum of views ranges from distributive statism to distributive cosmopolitanism, with moral federalism as an in-between position (Hinsch, 2001: 59). These wide disparities match the uneven character of contemporary international relations. Hurrell (2001: 35) signals a 'combination of density and deformity' in international society:

> There is now a denser and more integrated network of shared institutions and practices within which social expectations of global justice and injustice have become more securely established. But, at the same time, our major international social institutions continue to constitute a deformed political order, above all because of the extreme disparities of power that exist within both international and world society.

Measuring global poverty

> Humans measure what they treasure (Hazel Henderson, 1996: 115).

When the first major overall gap in human inequality emerges in the wake of the Industrial Revolution the differences are not yet large. They have been widening ever since, though not in a steady fashion. Estimates of the income gap between the fifth of the world's people living in the richest country and the fifth in the poorest are as follows:[2] 1820: 3 to 1; 1870: 7 to 1; 1913: 11 to 1; 1960: 30 to 1; 1990: 60 to 1; 1997: 74 to 1 (UNDP, 1999: 3).

The earliest measure of world-scale inequality, Gross National Product, is followed by GNP per capita. The Gini coefficient that measures inequality within societies (0 means all share equally and 1 means one individual receives all income and wealth) applies on a global scale as well. The basic human needs conceptualisation, prominent in the 1980s, has been virtually abandoned in poverty research (Noval, 1996: 53). While the consensus is that poverty refers to lack of resources, the most common measure remains income poverty. UNDP uses the notion of 'human poverty', measured in terms of education, health, housing and income.[3] A further yardstick, 'capability poverty', 'reflects the percentage of people who lack basic, or minimally essential, human capabilities', and gives rise to a capability poverty measure (UNDP, 1996: 27). Initially the unit of analysis was typically the nation (matching the UN frame of the world) and what was taken as global inequality was an aggregation of national statistics. Subsequently, differences *within* societies—rural and urban, gender, regional, ethnic, ecological—have been taken into account; and reports now also often recognise the difficulties of adequately measuring poverty.

Major sources of data such as the World Bank's World Development Reports and the Human Development Reports of the UNDP set forth global poverty data in language as plain as the business pages with easily assimilated graphcs and diagrams and occasional striking comparisons. This finding made its way into many newspapers: 'Today, the net worth of the world's 358 richest people is equal to the combined income of the poorest 45 per cent of the world's population—2.3 billion people' (UNDP, 1996: 13).

Statistics on global povesrty are now abundantly available; it would not be difficult to fill this article entirely with data, along with laments on the difficulties of measurement and hand-wringing policy perspectives. The measures and data are problematic indeed. A handbook of poverty research identifies the following under-researched areas in national poverty studies: the power structure and its implications for poverty, the control and manipulation of statistics, and the structural framework of primary research (Samad, 1996: 36). These gaps also apply to global poverty research. Power relations are entirely absent from the leading accounts; the manipulation of statistics makes for an interesting subtext of global poverty research;[4] and macroeconomic reseach tends to be concentrated in the international institutions.

Global inequality, a late-modern notion, implies an economic turn and brings us into a world of economic statistics. With this comes an air of matter-of-factness, which is quite unlike earlier ideas and measures of difference (along lines of religion, race, civilisation or nation). The terrain of poverty and inequality is dominated by economists and empirical sociologists, and defined and communicated by means of numbers. That with regard to poverty we inhabit a statistical universe is not unusual; numbers lead the way in studies of development, population and environment. From the way global inequality is conceived it follows that economists do the primary research. The salience of economics is appropriate in that, without economic data, we could not map or conceive of world-scale poverty; yet it implies that the parameters of debate in economics frame the perceptions of global inequality.[5] Much debate concerns econometrics and technical questions of measurement—which are the appropriate measures, purchasing-power parity, the use of actual exchange rates, according to which US dollar value, weighted by population, whether and how to draw the poverty line, etc?[6] With regard to poverty research in the USA, Mishra (1996a: 482) observes: 'The near-obsessive concern with the definition and the count of the poor is clearly driven by the ideology and politics of social welfare' and by disputes between conservatives and liberals, and to some extend this holds true for the global situation.

What is missing is a problematisation of poverty itself. Economists tend to use culturally flat definitions of poverty, as if monetary income measures hold universal validity. Wolfgang Sachs (1999) distinguishes a wide register of 'frugality', as in subsistence economies; 'destitution', which arises when subsistence economies are weakened through the interference of growth strateg ies' and 'scarcity', which arises when the logic of growth and accumulation takes over and commodity-based need becomes the overriding logic. Of course it is possible to capture this under 'poverty', but is it insightful?

Data on global poverty have become part of a new conventional backdrop. In the course of the 1990s and in the wake of the 1995 World Social Summit in Copenhagen, poverty alleviation has become an international policy focus. Declarations on the part of intergovernmental institutions and governments to reduce poverty by half by 2015 are common fare of fin-de-millennium international politics. This policy objective exists alongside the dominant neoliberal policy framework in an awkward consensus—*bien étonnés de se trouver* *ensemble.*

The emphasis in research and policy is on *poverty* rather than on inequality. In most societies, poverty is a politically sensitive theme, while inequality is not. Inequality is a relatively safe theme, for after all there are many positions, philosophical and political, in relation to inequality. It may be viewed as necessary, inevitable, or even beneficial in relation to a particular mode of progress. According to a classic liberal view, inequality of outcomes may be acceptable as long as there is equality of opportunity. Poverty, on the other hand, is politically sensitive and challenging, for it undermines social cohesion; hence the conceptualisation and measurement of poverty are matters of political dispute.[7]

On a world scale, arguably, it is the other way round. Here poverty is a safe theme: the numbers are worrying, but isn't poverty mostly concentrated in distant lands? Has unequal development not been the rule of history, particularly since the Industrial Revolution? Doesn't contemporary technological chance make poverty inevitable? Of course developing countries are lagging behind, particularly in Africa and South and Southeast Asia, but the rising tide of free trade and global economic integration will eventually lift all boats.

Global inequality is a different kind of theme for it measures not just the condition of the world's majority but the gap, and the growing gap, between them and the prospering minority. In that global inequality maps relative deprivation, it challenges the legitimacy of world order in a way that mere poverty statistics, accompanied by benevolent policy declarations, do not. According to Robert Wade, 'New evidence suggests that global inequality is worsening rapidly. There are good reasons to worry about that trend, quite apart from what it implies about the extent of world poverty' (2001: 72). Phrased in a different way, 'The non-poor and their role in creating and sustaining poverty are as interesting as object for research on poverty as are the poor' (Øyen, 1996: 11). Economists and the international institutions that employ them routinely ignore differences of power; by prioritising poverty over inequality, relations of power, and the responsibilities these entail, are eliminated from the picture.

Examining global inequality

On the assumption that knowledge and power interact it would stand to reason that the findings on global inequality cannot be neatly separated from the world order that produces global inequality. One way to enter the core of global inequality is to ask where the data depart from the conventional policy wisdom.

First, a general assumption is that inequality within countries is largest in the poor countries. The figures, however, bear out that the widest inequality is within the USA and UK. Considering the comparative degree of income inequality within countries, Bob Sutcliffe observes, 'It is common to read disparaging references in the Western press to the inequality in a country such as India, so it is salutary to note that … inequality in the UK and in the USA is much greater than in India … in the richest country of all, the USA, the poorest part of the population are poorer than in almost any other developed country' (2001: 10, 13). 'The per capita income of the poorest 20% in the United States is less than a fourth of the country's average per capita income—in Japan it is nearly half'

(UNDP, 1996: 13).

The second steepest social inequality is documented in the UK, where inequality has been increasing since the mid-1970s. In both countries inequality has risen in recent decades. In the USA the Gini coefficient began to rise in the 1970s. 'In the period 1977 to 1990l, the Gini coefficient for distribution by individuals of disposable household income in the United Kingdom rose by some 10 percentage points, from around 23 per cent to around 33 per cent … this increase is 2½ times the increase in the United States over that period' (Atkinson, 1999: 3). The trend of growing inequality since the 1980s is being observed throughout Europe as well, even in staunchly egalitarian societies such as Scandinavia and the Netherlands (Atkinson, 1999: 3).

Second, the conventional assumption is that neoliberal globalisation and free trade lift all tides so that all boats rise. However, those countrries and time periods where this policy has been most consistently implemented show the steepest *increase* in inequality: the USA, UK and New Zealand in the 1980s to 1993.[8]

This effect is being replicated the world over. An overall growth rate of 5% during the postwar 'golden age' of capitalism (1950–73) was accompanied by decreasing inequality between and within societies. There has been a sharp break in this pattern, except in East and Southeast Asian countries. 'For the majority of the developing and transitional economies, the North–South and East–West income gap in the late 1990s is higher than it was in the 1980s or 1960s'. Since the early 1980s income concentration has risen virtually everywhere: 'this trend towards an increase in inequality is perplexing and marks a clear departure from the move towards greater egalitarianisn observed during the 1950s and 1960s' (Cornia, 1999: 1–2; Sarkar, 1999).

All reports and analyses document the same pattern. 'Between 1987 and 1993 the number of people with incomes of less than $1 a day increased by almost 100 million to 1.3 billion' (UNDP, 1997: 3). Taking the 1985 US dollar standard, the number of persons who live on less than one dollar per day 'rose from 1.2 billion in 1987 to 1.5 billion today and, if recent trends persist, will reach 1.9 billion by 2015' (World Bank, 1999: 25). Robert Wade (2001: 74, 75) concludes:

> the bulk of the evidence on trends in world income distribution runs against the claim that world income inequality has fallen sharply in the past half-century and still faster in the past quarter-century … world income distribution has become much more unequal over the past several decades and … inequality accelerated during the 1980s, whether countries are treated equally or weighted by population … world income distribution became markedly more unequal between 1988 and 1993 … World inequality increased from a Gini coefficient of 62.5 in 1988 to 66.0 in 1993 … the share of world income going to the poorest 10% of the world's population fell by over a quarter, whereas the share of the richest 10% rose by 8%.

Thus, 30 postwar years of growth with improving equality have been succeeded by a pattern of growth with increasing inequality.

Third, the 'East Asian Miracle' is often presented as a major turnaround in international development. While East and Southeast Asian countries as a whole deviate from the pattern of increasing global inequality, inequality *within* these societies has increased: 'In some economies, including China, Hong Kong, Malaysia and Thailand there have been significant increases in inequality, especially in the past ten or fifteen years', associated with differences between high and low-skill groups, between rich and poor regions, and between rural and urban areas (Walton, 1997: 4; Wade, 2001).

Fourth, to growing global inequality there are two sides at least. The least developed countries are increasingly lagging behind and, within countries, the number of the poor is growing; on the other side of the split screen is the explosive growth in the wealth of the hyper-rich.[9] The world's seven million millionaires include 512 billionaires and 52 000 'Ultra-High Net Worth Individuals' (Sutcliffe, 2001: 12). The wealth of the world's three richest men is now greater than the combined gross national product of all the least developed countrries, with a total population of 600 million (World Bank, 2000). It makes sense to contemplate extreme poverty and extreme riches side by side, for this alone explains world economic growth occurring simultaneously with growing poverty; this is brought out by focusing on global inequality, not just on global poverty.[10]

Fifth, the nexus between global inequality and domestic inequality has been insufficiently examined. The general tendency is for global and domestic inequality to move in tandem, so that increasing global inequality is *grosso modo* accompanied by growing domestic inequality (Bergesen & Bata, 2002). Specifically, a common view is that 'increased wage dispersion in the OECD countries is due to increased competition from low-wage economies' (Atkinson, 1999: 1), while 'globalization of capital gives business a great deal of leverage in vetoing national policies' (Mishra, 1996b: 324). Pressures on wages, productivity, labour conditions and trade unions in advanced countries have been rationalised by referring to labour discipline in low-wage countries, particularly in East and Southeast Asia.

There may be more subtle interconnections as well. In advanced countries inequality (even growing inequality, as in the USA and UK) may seem acceptable in the light of glaring and growing global inequality. Perceptions of poverty in Britain are now more shaped by images of Third World poverty than by the images of the Depression (Street, 1994). Televised images of extreme poverty in Africa and Asia may work not merely as a compassion wake-up call but also as a domestic pacifier. Global inequality, then, tends to sustain power structures and inequality within countries overtly as well as covertly and helps privileged strata to maintain their status.

Sixth, the risks thats global inequality poses are discussed with increasing frequency, also in the wake of the 11 September 2001 attacks. Economic failure, according to Jeffrey Sachs, raises the risk of state failure. 'Failed states are seedbeds of violence, terrorism, international criminality, mass migration and refugee movements, drug trafficking, and disease', and this 'significantly affects US interests in military, economic, health-related, and environmental areas' (Sachs, 2001: 187, 189). Wade (2001: 75) mentions another angle: 'The result is a lot of unemployed and angry young people, to whom new information technologies have given the means to threaten the stability of the societies they live in and even to threaten social stability in countries of the wealthy zone'. A conventional assumption is that it is possible to contain these risks within the global margins and that a combination of 'aid governmentality', tactical sorties and enhanced border security can control their spillover effects.[11] Yet environmental degradation does not recognise borders and migration, transnational crime and terrorism show otherwise.

Seventh, conventional wisdom holds that free markets and democracy advance together. But how does democracy function in the face of growing inequality? One consideration is that 'democracy has made income gaps in regions such as Latin America more visible and looks more and more like an accomplice in a vicious circle of inequality and injustice' (Birdsall, 1998). John Gray observes that in societies that follow neoliberal policies middle classes are falling and working classes are being 'reproletarianized'. 'Meanwhile, the overclass increasingly plants itself behind the high walls of suburban developments, Latin-American plantation style, where private funding, not taxation, covers all services. The whole picture of democracy and free markets advancing together, of free-market capitalism sprouting bourgeoisies all over the world, is generally false in today's world' (Gray, 1996: 42). The Washington Consensus assumption that civil society acts as a countervailing power and democracy keeps government in check does not apply if official corruption is sustaineed by transnational forces beyond the reach of the domestic public.

Eighth, conventional wisdom focuses on poverty, but inequality is different in that it brings political dynamics to the foreground. For instance, comparing data across countrries, 'it is interesting to observe that some middle-income countries with relatively similar GNP per capita (Poland, Malaysia, Venezuela, Brazil and South Africa), are characterized by very different degrees of inequality … the Gini coefficients of Brazil and South Africa are much higher than those of Poland and Malaysia' (Thorbecke & Charumilind, 2002: 1480). By focusing on poverty economists avoid such findings.

Conventional wisdom for beginners

Global poverty and inequality trail the career of modern development policy as its dark shadow. During this career, which stretches well over 50 years, standard arguments that have conventionally served to neutralise findings on global inequality have been losing their validity, and recent increases in global inequality are not much help.

According to Simon Kuznets' classic argument, income inequality in developing countries would first rise as workers left agriculture for industry and then fall as industrialisation took hold, so inequality would follow an inverted U pattern, the Kuznets curve. This has been applied on a world scale as a global Kuznets curve. 'The global economy would be viewed as having weak stratification if there is significant 'mobility' of nations between groups of nations changing rank or catching up' (Park & Brat, 1995: 106). In other words, the prediction is that of long-run economic convergence. Subsequent research qualifies this as 'conditional convergence', conditional upon human capital and R&D investments (Park & Brat, 1995: 128; World Bank, 1997). The sharp increase in global inequality from the late 1980s, however, belies this expectation

(Atkinson, 1999).

Another conventional argument goes back to classical political economy and early catch-up strategies from Central Europe and the USSR onwards: through modernisation and industrialisation latecomers to development will be able to catch up. Modern development theory adapted these expectations and dependency theory challenged them: the timing and geopolitical context of catching-up matter and entrenched patterns of dependence and structures of power intervene. With hi-tech and the information revolution, arguments centred on technological change go through another cycle of high expectations and dim outcomes. The scope for 'associatted dependent development' through technology transfer by means of foreign direct investment is limited by the assembly and *maquiladora* type of low-wage industrialisation and by patenting arrangements through which transnational corporations control technological innovation and dissemination (Smith, 1993). Do the newly industrialising countries break out of this pattern? In spite of their efforts are industrial upgrading, East Asian tiger economies such as South Korea continue to be technologically dependent on advanced countries and transnational corporations (Smith, 1997). Information technology does not essentially change this equation and the scope for technological leapfrogging is limited; witness the global digital divide (Burkett, 2000).

An argument stubbornly repeated throughout the career of international development is that the best anti-poverty strategy is economic growth, with some variations on how best to achieve this; in a word, the blessings of trickle-down. On this ground, 'economists who espouse the cause of the poor' are routinely accused of 'becoming unwitting accomplices in the perpetuation of poverty' (Bhagwati, 1998: 45). The real friends of the poor are market forces and market friendly policies (a 'pull-up approach', according to Bhagwati).[12] However, growth may be a necessary but is certainly not a sufficient condition for improving inequality. What matters is not simply growth but *how* growth is achieved. Second, this ignores the question of the *quality* of growth; a major contribution of human development economics has been to build the case for pro-poor growth as the most *efficient* growth. Third, the trend of widening global inequality alongside world economic growth refutes this expectation at a general level, while ample country experiences discount it as well. Fourth, more significant still is the widening inequality in advanced countries, occurring again in conjunction with economic growth. If trickle-down does not occur in these robust democracies and middle classes live in 'fear of falling' (Ehrenreich, 1990) and in the world's richest country, the minimum wage is not a living wage (Ehrenreich, 2001), then on what grounds is this supposed to deliver in the weaker polities of developing countries and on a world scale?

Economic growth, industrialisation and conditional convergence are far too generalising to be useful and on the whole are falsified by several decades of accumulated experience. If these conventional views explain convergence, how then to explain the actual experience of divergence? Current discussions signal various causes of growing inequality, some that were in effect before the 1980s (faster population growth in developing than in developed countries and deteriorating unequal terms of trade) and others that are specific to the recent period, in particular technical change and financial liberalisation (Wade, 2001;

Atkinson, 1999). Cornia (1999) attributes the increase in income inequality to a rise in earnings inequality and emphasises as the main explanations skills-based technical progress (reducing demand for unskilled labour), the impact of trade liberalisation, IMF policies generating recessions (which adversely affect income distribution), financial deregulation and enlargement of the financial sector (resulting in a shift to non-labour incomes) and the erosion of labour institutions (greater wage flexibility, reduced regulation, erosion of the minimum wage, dilution of trade union power and higher labour mobility). Technical change aside, most of these are the outcomes of neoliberal policies. The potential and effects of technical change can be channelled by means of industrial policy interventions, as in most newly industrialising countries, but neoclassical policy prescriptions delimit this option. Liberalisation and deregulation, on the whole, bet on the strong, privilege the privileged, help the winners, expose the losers and prompt a 'race to the bottom'. Although this is a broad stroke representation it is plausible to view neoliberal policies as the central dynamic in widening domestic and global inequality since the 1980s.

The perception that global inequality is more threatening a theme than poverty holds widely, yet it may be less pertinent in the case of the USA. The USA has greater tolerance of inequality than any advanced society: materially and socially, as the most unequal among developed societies, and in terms of political culture and development philosophy. In the USA,

> the Reagan administration replaced the war on poverty with a war on the poor … Not poverty as such but pauperization, ie dysfunctional and deviant behaviour on the part of the poor was now identified as the main problem of the 1980s, and the early 1990s reflected this shift in agenda from a concern with poverty to a concern with the poor. From this viewpoint, then, poverty is no longer an issue. The social problems confronting Americans are now those of welfare dependency, out of wedlock births, criminality and other dysfunctional behaviour on the part of the lower strata of the population. (Mishra, 1996a: 403)

The prevailing political discourse blames the victims, defines welfare dependency as the problem and thus views government rollback and welfare cutbacks as the main remedies. Inequality is taken as a matter of course and poverty is seen as an enemy in that it shows up the failures in the culture of success. This deeply embedded strain has been reinforced in recent years.[13]

Transposed on a world scale this entails a policy of slashing foreign aid, upheld by Congressional majority, in a nation that ranks as the world's stingiest foreign assistance donor (the US transfers circa 0.1% of GNP to developing countries annually while the internationally agreed UN target is 0.7% of GNP). As part of a relentless campaign towards corporate deregulation, conservative think-tanks rail against 'foreign welfare' on the same basis as welfare is blamed in the USA: 'economic assistance impedes economic growth'. International welfare does not work, Congress should eliminate aid, adopt a long-term policy for eliminating development assistance and instead adopt policies to promote 'economic freedom' (read: free market) in developing countries (Johnson & Schaefer, 1998).[14] On similar grounds ('not enough reforms', according to the US Treasury) the IMF is kept from bailing out Argentina.

Thus, while international institutions declare reducing world poverty a global priority, in the host country of the headquarters of most of these institutions poverty does not rank as a viable political issue. The international institutions are part of an institutional power network whose global impact and dynamics they measure and report on and as such are subject to ample political pressure. They are intermeshed with and politically and financially dependent on the international political and economic balance of forces. The international institutions based in the USA depend on Congressional budget allocations, US Treasury backing, directors and trustees appointed by the US government, and commercial financial infrastructures and credit ratings (the World Bank is a bank with triple A rating). Subject to multiple pressures from the Treasury, Wall Street and American neoconservatives, and from critical NGOs and social forces in the South, the international institutions have little room to manoeuvre. A way out of the crossfire is to depoliticise the global situation an agenda as much as possible. By this logic, the object of concern is not global inequality but global poverty, the instrument of analysis is economic data processing, and the bottom-line remedy is freeing up market forces, now with a human face.

Consequently, a general trend in policy and discourse is towards hegemonic compromise and papering over significant differences in approach on the part of powerful stakeholders, for instance by using the same terms with different meanings (Nederveen Pieterse, 2001). Bemoan outcomes and confine discussion of causes to technical analyses. For international institutions this may translate to intricate balancing acts between signalling concern without rocking the boat. The UNDP typically follows a two-track approach, addressing 'aid fatigue' on the one hand (so it is necessary to demonstrate success) and urgency on the other. For instance: 'human development over the past 30 years is a mixed picture of unprecedented human progress and unspeakable human misery—of human advances on several fronts and retreats on several others' (UNDP, 1996: 17).

In poverty research in North America, Mishra distinguishes between social engineering and social structural approaches, matching differences between economic and sociological approaches. The former 'tends to concern itself with research problems closely related to issues of policy and administration. It could also be described as "operational" research … The social engineering approach tends to abstract the problem of poverty from the larger social structure and sees it largely as an administrative problem that can be solved by policy makers by applying "rational" methods.' The social structural approach, in contrast, is not policy oriented; the focus is 'on broader structural issues and their relationship to poverty' (1996a: 485).

In relation to global inequality the social engineering approach prevails, as it does in development thinking generally. 'Operational research' is the overriding tendency in development studies, which are dominated by the international institutions that produce and supply the economic data, embedded and enframed in their institutional discourses. The development industry is to a significant degree a subcontracting industry of the international institutions and their intergovernmental infrastructures. Their apolitical disposition is passed on to development studies generally in various ways. The international institutions exercise their influence not merely directly (by subcontracting research, funding NGOs, etc) but through their agenda-setting influence, much like the *haute couture* houses set the tone in another fashion conscious industry. Development studies focus on questions of regional, natinoal or local development; when it comes to the global level, 'world development' is hardly on the map beyond the macro-economic data of the IMF, World Bank, UN, OECD and WTO. The research capacity to address world development tends to be concentrated in the international institutions.

The human development approach, currently the most influential synthesis in development thinking, centres on capacitation, enablement and empowerment. This is part of a wider 'capabilities turn' from development economics to business management, and one of the responses to the massive increase in global inequality (Sen, 1992). Empowerment is now upheld across the world as a magic wand to dispel growing inequalities. Capacities, however, do little to alter unequal relations of power. The old saying is give a man a fish and he will eat for a day, teach a man how to fish and he will eat every day. But nowadays, in many places, by the time people have learned how to fish they will probably find their shores emptied by large, hi-tech fishing vessels from Japan or the West, under contract to their own governments. Governments North and South harp on about education and training as today's magic charm. But training, in poor neighbourhoods, does not solve the problem of employment growth (Wilson, 1996: 30). In business management, empowerment means skill upgrading for lower cadres so that, with the downsizing of middle management, they will supervise themselves and junior staff. Capabilities, skills and education are resources and forms of power themselves, but there is more to poverty than a deficit of skills.[15]

It helps to put this in historical perspective. Paul Bairoch (1980) notes that around 1750 the share of the Third World, China included, in world industrial production stood at about 73%–78%, dropped to 17%–19% in 1860, and to a minimum of 5% in 1913. Technological change alone does not explain this precipitous decline, which is not intelligible without political intervention of the kind usually summed up under the heading imperialism.[16] In view of this historical backdrop, to account for contemporary unequal development chiefly in terms of unequal capabilities is hypocritical and shallow; or more precisely, if capacities matter, so do unequal relations of wealth and power, which are capabilities magnified.

The poverty reduction strategies proposed by international institutions—such as economic growth, good governance, 'reinforcing democracy by strengthening civil society', empowerment—are welcome in themselves; yet in the absence of scrutiny of macroeconomic policies and international power dynamics, they exonerate the powers that be and, at the end of the day, abide by the conservative cliché that the poor are to blame for their fate. These approaches now come in standardised packages such as the World Bank's *Participation Sourcebook* (1996) and UNDP's *Overcoming Human Poverty* (2000). These treatments seem to address a parallel universe in which there are no major powers—transnational corporations, banks, Western governments, international trade barriers and institutions—that *produce* and reinforce poverty and inequality. Detailing micro-economics while ignoring macroeconomics, probing micro-politics while skipping macro-politics, they are profoundly apolitical texts. Good governance, democracy, participation? How about good governance, democracy and participation in the IMF and World Bank?[17] Does combating poverty in retail while leaving it alone wholesale make sense? If these policy recommendations were matched by inquiries into the role of corporations and governments in the North, by advocating changes in international standards and law, they might be credible; without it they come across as fig leaf exercises in hegemonic compromise.

Thomas Pogge draws attention to the international borrowing privilege—regardless of how a government has come into power it can put a country into debt; and the international resource privilege—regardless of how a government has come into power it can confer globally valid ownership rights in a country's resources to foreign companies.[18] In view of these practices, corporations and governments in the North are accomplices in official corruption; thus, placing the burden of reform solely on poor countries only reinforces the existing imbalance.

To gain deeper insight we must turn to social structural approaches. Attempts to conceptualizse global inequality in terms of conventional frameworks in sociology face several difficulties. Global stratification (eg Raichur, 1979; Connell, 1984) has fractured into analysis of gender, race and ethnicity; class analysiss transposed on a transnational scale presents problems of its own, including data incompatibilities. The contemporary dispersal of capital, the complex interweaving of capital, finance and governance and the intermediary role of international institutions defy the conventional instruments of class analysis. Concepts such as a 'transnational managerial class' or transnational capitalist class (Cox, 1996; Sklair, 2001) face methodological problems (Embong, 2000) and fall short of an overall global stratification analysis.

Several frameworks that sociologists have typically brought to bear on global inequality have gradually been relegated to the margins or overshadowed by other themes. World system theory posited world inequality as a major theme (Wallerstein, 1975). But this approach itself is tied to macroeconomic data, particularly the long wave (the Kondratieff cycle) and in the end follows economistic linies of analysis, verging towards a capitulation of sociology to evolutionary economics, or rather bookkeeping on a world scale. Analysing global stratification by core, semi-periphery and periphery countries (Arrighi & Drangel, 1996) does not yield data that differ much from the stratified data sets used by the international institutions (such as high, middle and low-income developing countries). Dependency theory has been sidelined by the development of newly industrialising countries and emerging markets. It has been overtaken by the wider debate on globalisation that now dominates in sociology as elsewhere. Terrains in which sociology, anthropology and geography make distinctive contributions are migration, changes in labour markets, ecological and cultural changes and politics, and gender, race and class dimensions of global inequality. Several of these concern the downstream consequences of macroeconomic policies; they reflect the fact that the main strength of sociological methodology and theory remains 'society', while transnational sociology is not as well developed yet. Similarly, the nexus between poverty and migration, poverty, violence and political instability, examined in political science (Miller, 2000) and geography, is relevant enough, yet it fails to penetrate the core issue of global inequality.

Several studies straddling international political economy, sociology, political science and other disciplines probe dimensions that depart fundamentally from the dominant economic approaches to inequality; and by combining them a plausible perspective emerges. Moving from the general to the specific, this includes the following lines and levels of inquiry:

- At a structural level, examine the inequality of power between and within states (eg Hurrell & Woods, 1995, 1999).
- At a general procedural level, examine how inequalities of power affect decision-making processes (eg Harrod, 2001; Beitz, 2001).
- Examine the institutional location and workings of major international institutions (eg Wade & Veneroso, 1998; Chossudovsky, 1998).
- Examine policies and policy frameworks (eg Wade, 2002).
- Examine decision-making processes on a case-study basis (eg McMichael, 1996).
- And examine policy outcomes (eg Chossudovsky, 1997).[19]

The upshot of these analyses is to bring politics back in and to zero in on the role of unequal power relations as a major factor in growing global inequality. This includes the massive body of work that scrutinises the worldwide trends of liberalisation, deregulation and privatisation, IMF and World Bank policies, the WTO framework, and the neoliberal regime that they are part of.

Imperialism, a classic conceptualisation of unequal power relations, is now often revisited.[20] If the alternative is empiricism that fails to recognise power differentials, an approach that focuses squarely on unequal power is preferable. Yet while highlighting power differentials, imperialism recycles an old paradigm and underrates the contemporary multiplicity of actors and interests. 'Empire' is an analytical and political shortcut that offers metaphor rather than analysis. Imperialism was state-centric, centrally orchestrated, and territorial, none of which accurately describes contemporary globalisation; the contemporary cultural and normative environment has significantly changed too.

Politics of perplexity

What kind of world economy grows and yet sees poverty and global inequality rising steeply? The foregoing analysis suggests several observations. (1) Neoliberal policies are largely responsible for rapidly growing global inequality over the past few decades. (2) Most research and policy accounts are of an 'operational' nature. They tend to be ahistorical and apolitical; because of their over-reliance on neoclassical economics they are atheoretical as well. Their matter-of-factness is impression management only; under the surface are many conflicts about measurements and their implications; (3) The growing density of international networks (sch as the 'associational revolution', intercultural connections) generates increasing pressure for global reform. International power structures and institutions, however, are tied in with neoliberal policy frameworks, either because of profound commitments (in the USA and to some extent the UK, home of the 19th century Manchester school) or through hegemonic compromise (European Union, Japan, OECD). What ensues is fundamental policy incoherence between neoliberal policies which widen global inequality and attempts to reduce global poverty.

According to Ruggie (1997) what is needed is 'a new embedded liberalism compromise'. Proposals for global reform such as a 'global third way' (Kapstein, 1998–99), a global new deal, global social policy (Deacon *et al*, 1998) are increasingly widely discussed (Nederveen Pieterse, 2000a). Yet the contemporary international conditions of density and deformity, referred to above, both account for (density) and delimit (deformity) these contributions.

In 1979 Thomas Rowe distinguished four different approaches to poverty domestically and internationally: socialisation, integration, isolation and revolution. It is interesting to reflect on how these come across when juxtaposed to current approaches to global inequality.

- Socialisation: '[The] deprived must acquire the values and behavior that bring rewards to the more privileged in the dominant system. With self-help and aid from the privileged the shortcomings of the deprived must be eliminated' (quoted from a table in Rowe, 1979: 224). Here the basic source of the problem is viewed as internal to the deprived. This describes the thrust of mainstream development policy; it is a disciplinary approach in that aid is conditional.
- Integration: '[The] deprived must be allowed to participate as equals in the system. Exclusive attitudes and behavior on the part of the privileged and dependent and exploitative relationships between deprived and privileged must be broken'. Here the basic source of the problem is viewed as external to the deprived. This describes the critical approaches of dependency theory, the New International Economic Order and contemporary global justice.
- Isolation: '[The] deprived must reclaim or develop the values and behavior necessary for the good life … the values and behavior derived from the dominant system are inherently destructive and must be rejected'. Here Rowe concentrates on isolation 'from within', on the part of radical social movements of a traditionalist or 'fundamentalist' kind. We may also describe this as voluntary delinking or dissociation from the dominant system, or localism, as in post-development approaches. Isolating the deprived, however, is also a major policy imposed from without—as politics of containment, ie the concentration of the poor in ghettos and, internationally, in the 'global margins'.
- Revolution: 'Escape from inequalities requires fundamental change in the dominant system'. Revolutionary approaches have been waning after the end of the Soviet and Chinese alternatives. Growing differentiation in the South has further undermined joint collective action. Most armed struggle movements in the South have shifted from the bullet to the ballot (Rocamora, 1992) with the exception of separatist struggles, armed Islamic groups from Algeria to the Philippines, and insurgency in Nepal.

Presently, more than two decades later, three of these approaches are being implemented side by side by the same and by different actors; a précis, updating and expanding on Rowe's categories and with brief notes on contemporary outcomes, is shown in Table 1.

Policies of isolating the deprived of 'others', go back a long way; 'beyond the pale' is an old expression. In the 1960s Maurice Duverger spoke of the metropolitan world 'slipping into a comfortable and mediocre civilization of consumption, a sort of air-conditioned Late Roman Empire … in which the essential is to hold the barbarian beyond the *lines*' (quoted in Buchanan, 1985: 92). At about the same time, J M Albertini saw the industrialised world, both capitalist and socialist, becoming 'islands of prosperity which can maintain their position only by atomic power' (in Buchanan, 1985: 92). The zones of prosperity and deprivation are now also identified as zones of peace and of turmoil.

Between the zone of peace and the zone of war, there is no peace. The borders are ever turbulent. They are the site of enhanced border security, rising visa restrictions, human trafficking. Instability and conflict in the zones of poverty, and dreams of greener shores (Lundgren, 1988), create refugee streams, asylum seekers and human smuggling. At the same time, declining fortunes and 'fear of falling' among the depressed middle and working class in the advanced countries fosters the rise of rightwing political forces, as in several European Union countries, and an association between immigration and crime. The human rights of those who cross the border between zones do not rank high on their profile.

TABLE 1
Four approaches to global inequality

Approach	*Prescriptions*	*Policies*	*Outcomes*
Socialisation	Deprived must conform to standards set by the privileged	Modernisation, human capital, empowerment, good governance, civil society	Capacitation does little to alter the overall structure of power and privilege
Integration	Deprived must be treated on equal terms	Foreign aid, foreign direct investment, democracy, participation	Aid is decreasing, FDI is concentrated in the North, international institutions are not democratic
Isolation	Deprived must stay apart, or be kept apart; contain the effects of poverty	From without, contain ● migration ● conflict ● disease From within: ● delinking, localism ● separatism ● 'fundamentalism'	Strong borders, migration restrictions, 'humanitarian intervention' Neonationalism remains attractive, yet delinking is a dead end
Revolution	Achieve break in global system	Armed struggle in favour of delinking or radical change	Waning after end of Soviet alternative; shift from bullet to ballot

Australia's policy of detention of refugees, in effect for 10 years, is a case in point. Their remote location, deep in the interior in Woomera, confined and kept from inspection is telling in itself.[21] On one side of the border, in the global margins, there is discipline—the financial and developmental regimes of the international institutions and conditional aid, or coercive intervention in cases of turbulence (as in Rwanda, Somalia, Bosnia). In the ghettos, *banlieues* and *favelas*, another discipline and surveillance is in operation—the discipline of zero tolerance policing, racial profiling and incarceration. Those who cross the border zone do so at their peril, facing humiliation, disenfranchisement and punishment, and risking death.

Three of the four approaches outlined by Rowe are now simultaneously in effect. In addition, they interact in several ways, so they could be viewed as three modalities of the same approach. Socialisation has increasingly become the imposition of disciplinary regimes, as in IMF conditionalities, World Bank structural reform and WTO stipulations. Integration into the world order takes the shape of the 'human face' that comes with structural reform and on a conditional basis. Isolation, or social exclusion, then, comes in only as part of a wider picture: the same areas and people that are being marginalised (cordoned off by low credit ratings, trade barriers, security measures, immigration rules) have first been incorporated into disciplinary regimes of debt repayment, stabilisation lending and aid governmentality. Together, these policies could all be viewed as different modalities of a single process of conditional, asymmetric integration. Thus, global apartheid and global integration, scenarios that are usually viewed as being wide apart, are being practised simultaneously although integration refers to hierarchical integration. It goes without saying that these processes of asymmetric inclusion are internally contradictory. Cultural and political globalisation, promoted by transnational enterprises, media and intergovernmental arrangements, militates against isolation policies. Disciplining, democratisation and containment are out of step with one another. Thus, global hierarchical integration has turbulence built in. It is against this dramatic and turbulent backdrop that we may consider the main perspectives that now underlie policies in relation to global inequality: global risk management and global justice.

During the golden age of postwar capitalism, a guiding principle in international policies was mutual interest. In the 1960s and 1970s this was the *Leitmotiv* of international co-operation for social democratic, socialist and developing countries: helping developing countries achieve development and equal status is in the interest of advanced countries, which stand to benefit from a growing and galanced world economy both economically and in terms of political stability. This inspired proposals for a New International Economic Order, the Brandt Commission and the North–South Commission. This outlook has gradually faded for several reasons. The new international division of labour and investment in low-wage economies changed as wages rose in newly industrialising countries, the share of labour cost in production decreasing because of technical change, and of concentration of investments in the advanced economies and selected emerging markets; transnational corporations can achieve growth without investing in the least developed countries. The end of the Cold War and developments in military technology have lowered the security risk from poor countries. Yet some risks have increased. Risk assessment and management have moved up accordingly on the agenda of international policy making.

After spelling out the risks global poverty poses to the interests of the USA, Jeffrey Sachs pleads for 'a strategy of foreign assistance that is commensurate with US strategic interests'. This involves income transfers to poor countries which do not have to be large: 'small amounts of help at crucial moments can tip the balance toward successful outcomes' (2001: 197). In other words, this is a plea for the status quo, now no longer as muddling through but with the novel dignity of a 'strategic approach'.

Risk management raises many questions. Who defines what risk is? Risk to whom? In this example, risk is defined solely by reference to national interest and so is in effect a realist balance of power approach. This ignores global risk. Alongside global inequality, environmental risk, international financial and economic instability, conflict, transnational crime and terrorism, and migration are the most salient global problems. These cannot be properly understood from a 'national interest' point of view. This awareness underlies current discussions about a new architecture of international finance and the provision of international public goods. Yet multilateral co-operation is but one way to manage global risk; unilateral policies are another. In promoting the interests of US corporations worldwide, the USA actively promotes globalisation, yet it views the risks this entails and generates from the standpoint of national interest. For security, a missile defence shield; to contain 'rogue states', threats of pre-emptive strike; to contain local conflicts, humanitarian intervention. In relation to wider risks, the USA pulls out, as in the case of environmental risk and the Kyoto agreement.

As part of contemporary flux considerable mentality changes are underway. The claims for justice of developing countries are widely perceived as legitimate. Yet they are being neutralised by international institutions that translate development needs into disciplinary regimes, or are kept from acting on more critical assessments by the existing international *rapports de force*. Media personnel in the advanced countries who have seen their personal fortunes improve keep a considerable moral investment in the overall system.

Global justice, the normative approach of global ethics and human rights, is a profound dimension of contemporary dynamics. It recognises that the global rendezvous is not just a large numbers game but a matter of human engagement and solidarity; the world is also more interconnected emotionally and morally. Economic and empiricist views, by being morally flat, deny the fundamental interconnections that exist between the poor and the privileged and, in so doing, commit the fallacy of misplaced realism. They overlook, for instance, the fact that global environmental problems require co-operation between rich and poor nations, which is unlikely to come about in the face of global injustice (Linklater, 1999).

Engaging global inequality and global poverty is morally right. 'The new global economic order we impose aggravates global inequality and reproduces severe poverty on a massive scale. On any plausible understanding of our moral values, the prevention of such poverty is our foremost responsibility' (Pogge, 2001a). It is economically beneficial, as human development economics and growth and equity analyses demonstrate. Global poverty reduction meets the mutual interest of stakeholders. It confers strategic benefits by contributing to political legitimacy and stability and reduces the risk of conflict. Besides it is doable: 'For the first time in human history it is quite feasible, economically, to wipe out hunger and preventable diseases worldwide without real inconvenience to anyone—all the more so because the high-income countries no longer face any serious military threat' (Pogge, 2001b: 14). Why, then, in the face of moral, economic and strategic considerations—each weighty and together overwhelming—is there no significant action to address global poverty? If we discount the conventional argument according to which economic growth is *the* anti-poverty strategy as falsified generally and *a fortiori* by recent trends, the sole plausible remaining reason is of a political nature (using 'politics' in a wide sense).

In the twentieth century many more people have died from poverty than from violent conflict. 'The few years since the end of the Cold War have seen over 200 million deaths due to poverty-related causes', far more than the deaths caused by violence (Pogge, 2001a: 9). Yet conflict management ranks much higher on the agenda than combating poverty. Why are Western governments 'doing so very little toward the eradication of severe poverty abroad even while they are prepared to spend billions on other humanitarian initiatives, such as the NATO bombing of Yugoslavia?' A cynical answer according to Pogge is that 'helping the world's poorest populations emerge from poverty tends to strengthen their states and thus to weaken our own, while bombing Yugoslavia tends to reinforce the existing power hierarchy' (2001b: 3). Addressing global poverty will affect global inequality, which in turn will affect domestic inequality and thus reduce the maneuvering room of dominant political and economic elites. This suggests that we must consider global inequality as part of the balance of power, and global poverty as part of the price being paid for maintaining global inequality.

'Balance of power' is not meant here in a realist sense, as interstate balance of power, but as *rapports de force*, a loose constellation of interwoven political and economic interests and cultural habitus that is not unified or homogeneous but that nevertheless has, so far, sufficient momentum to deflect alternatives. Nor is the assumption that this is a conscious strategy or design, at any rate in its overall outcomes; rather it is the outcome of many diverse acts of self-interest and risk avoidance on the part of privileged actors. If many among the privileged abhor poverty, they blame the poor and rely on economic growth as a remedy and, if these beliefs fail, they may still desire privilege, or fear losing it, more than they abhor poverty. The self-serving orthodoxy of neoclassical economics, the charms of power, the trappings of privilege, the cult of celebrity, all concur to maintain the overall balance of power. And so the world's hyper-rich and the poor majority are intertwined in a joint rendezvous, mirrors to one another—but at quite a remove.

The combination of density and defomity in international conditions makes for fundamental instability, witness social movements from Seattle onwards. The global justice approach has hurdles to spare. If social justice and ethical standards do not apply domestically the likelihood of their prevailing transnationally is even less. Isn't it a strange expectation that poverty elimination worldwide could conceivably succeed at a time when the middle class and working class in developed countries see their outcomes stagnating or falling and are increasingly exposed to risk in their job security, social benefits and pensions? If socio-economic inequality is on the increase in developed countries, what would be the prospect of its diminishing on a world scale? Yet this may be one of the most sensitive pressure points in the global situation. If global injustice is being neutralised by clichés and passé economics, this is not the case with domestic injustice. Growing inequality in advanced countries cheek by jowl with stupendous wealth from financial transactions and rising remuneration of CEOs, even as their companies are collapsing, leads to growing disaffection.

The policies that are now in place are fundamentally incoherent. Neoliberal policies widen the global inequality that poverty reduction strategies seek to mitigate. International financial institutions count on 'conditional convergence' while inhibiting the required conditions from materialising. International institutions urge state action while trapping states in structural reform. Human capital investment is deemed essential but structural reform requires government spending cutbacks. Hence, not surprisingly, the expectation is that the objective of reducing global poverty by half in 2015 will not nearly be met (Edwards, 2001). 'There is no strong evidence supporting any trend towards greater income equality across countries' (Thorbecke & Charumilind, 2002: 1479).

Perhaps revolution does come in, but in quite a different fashion from the old state-centric notions of revolution. A contributor to a discussion on the implications of technological change notes: 'Poverty is a choice the world has made. It is a political choice. The information revolution will be another instrument to implement that choice. Only a governance revolution would represent a real change. And to link the information revolution with democratization is naïve in the extreme, parallel to the current leap of faith linking democratization and open markets' (in Hedley, 1999: 86). John Gray strikes a different note: 'I fear that, given the strength of the project of a global free market, it will take some significant economic upsets and some significant political turmoil for social thought to be sufficiently reworked so that the operation of the world will be more compatible with vital human needs' (Gray, 1996: 45). Only a governance revolution … The Enron episode and the cascade of corporate scandals in the USA, and other writing on the wall, may turn out to be a turning point. This is what lies at the end of the road of deregulation: the next chapter after casino capitalism is 'Robin Hood in reverse' capitalism. The turning point will come if deregulation and no-nonsense capitalism drive the US economy down. No-nonsense capitalism has gradually removed all safeguards—accountability, transparency and legal recourse in case of malpractice by corporations, accounting firms and market analysts—leaving investors so vulnerable that the stock market itself may decline. The worldwide shift from stakeholder to shareholder capitalism, or Anglo-American capitalism, seems risky when the American model of shareholder capitalism itself is at risk.

Notes

With thanks to Keith Griffin, Howard Wachtel and Emin Adas for comments.

[1] Beitz (2001) refers also to concerns that may arise from non-egalitarian values: those associated with poverty and material deprivation, humiliation, the impact of inequality on the capacity for self-control and self-government, and the unfairness of political decision-making procedures with large economic inequalities in the background.

[2] 'At the global level, the ratio of average income of the richest country in the world to that of the poorest has risen from about 9 to 1 at the end of the nineteenth century to at least 60 to 1 today. That is, the average family in the United States is 60 times richer than the average family in Ethiopia' (Birdsall, 1998; cf Sutcliffe, 2001: 83). 'The top 10% of the US population receives an aggregate income equal to the income of the poorest 43% of people in the world, or differently stated, total income of the richest 25 million Americans is equal to the total income accruing to almost two billion people' (Thorbecke & Charumilind, 2002: 1479).

[3] The Human Poverty Index is related to the Human Development Index (UNDP, 1997: 17).

[4] Pogge (2001a: 7, n4) argues that the World Bank in its *World Development Report* 2000 newly specified the international poverty line by replacing the purchasing power of 1 US dollar in 1985 with the purchasing power of 1.08 US dollar in 1993, without adequately factoring in US inflation between 1985 and 1993. 'This revisiion thus lowers the international poverty line by 19.6 per cent and thereby conveniently reduces the widely publicized number of global poor without cost to anyone'.

[5] 'Up-to-date data are necessary to ensure that the poor and the intensity of poverty are kept visible to the public eye, but it may still be wise to put somewhat less energy into sheer measurement research, and instead turn to issues that yield more in poverty understanding' (Øyen, 1996: 10).

[6] On difficulties of measurement, see, for example, Firebaugh, 1999, Sutcliffe, 2001, Wade, 2001, Babones, 2002. 'From the United States comes the observation that, for all its usefulness, the poverty line has two major economic weaknesses: (1) it relies too heavily on annual money income, which is extremely difficult to obtain accurately from the households surveyed; and (2) the monetary income itself is an inadequate indicator of command over resources' (Wilson, 1996: 21).

[7] 'Poverty itself is a highly political issue where power and interest groups have had a significant (some would say overwhelming) influence on patterns of distribution and the existence of poverty' (Wilson, 1996: 24).

[8] On the USA, see Mishra (1996a: 472–473). This is confirmed by recent reports, eg R W Stevenson, 'Income gap widens between rich and poor in 5 states and narrows in 1', *New York Times*, 24 April 2002. 'In the United Kingdom … the richest 20 per cent earned seven times as much as the poorest 20 per cent in 1991, compared with only four times as much in 1977. The British gap between males with the highest wage rates and those with the lowest is larger now than at any time since the 1880s, when UK statistics on wages were first gathered systematically' (Frank & Cook, 1995: 5; cf Storper, 2001; Bornschier, 2002).

[9] 'Social science and politics have defined poverty as a pathological symptom of society but, illogically, not riches' (Sutcliffe, 2001: 12).

[10] Enron fits neatly into this equation: 'The company embodied the get-obscenely-rich-quick culture that grew up around the intersection of digital technology, deregulation and globalization. It rode the zeitgeist of speed, hype, novelty and swagger. Petroleum was hopelessly uncool; derivatives were hot. Companies were advised to unload the baggage of hard assets, like factories or oilfields, which hold you back in the digital long jump, and concentrate on buzz and *brand*' (Bill Keller, 'Enron for dummies', *New York Times*, 26 January 2002).

[11] On the new politics of containment see Duffield (2001) and Nederveen Pieterse (2002a).

[12] The chapter on Macroeconomic issues in the World Bank's *Poverty Reduction Strategy Sourcebook* notes that 'Economic growth is the single most important factor influencing poverty, and macroeconomic stability is essential for high and sustainable rates of growth'. The revised version of April 2001 adds: 'Moreover, growth alone is not sufficient for poverty reduction. Growth associated with progressive distributional changes will have a greater impact on poverty than growth which leaves distribution unchanged'. Yet this is subject to overall macroeconomic stability and market friendly policies (http://www.worldbank.org/poverty/strategies/sourctoc.htm).

[13] Karlyn Bowman (2000) refers to the declining interest in economic inequality in the USA. 'Today, Democratic politicians talk about the digital divide, often as a surrogate for the old discussions of income inequality. This new formulation is less likely to irritate allies and funders on Wall Street than criticism of salaries and stock options'.

[14] In Senator Jesse Helms' terminology foreign aid goes down 'foreign rat-holes' (Doug Bandow, 'Shaping a new foreign aid policy for today's world', *USA Today* , 124 (2612), May 1996: 16–8). On the relationship between US domestic and globalisation policies, see Nederveen Pieterse (2002b).

[15] On empowerment see Nederveen Pieterse (2003).

[16] For example, Stavrianos (1981) discusses several episodes of destruction and sabotage of industrial capabilities in the Third World during colonialism and imperialism.

[17] On financial practices in the World Bank, see, for example, Adams (1997); on political influences in IMF lending, see Thacker (1999).

[18] He observes that in sub-Saharan Africa a transition to democracy has only been achieved in resource-poor countries (with South Africa as an exception) (2001a: 19–21).

[19] This research ag enda is too large to be addressed in this article and, since on most of these themes there is extensive literature, here indicative references must suffice.

[20] For example, Bienefeld (1994), Hardt and Negri (2000), Petras and Veltmeyer (2001). A rejoinder to globalization = imperialism is Nederveen Pieterse (2000b), resumed in Nederveen Pieterse (2002c).

[21] 'In South Africa it was "separate development" in Australia, "border protection and mandatory detention" (Adele Horin, Ruddock's ugly world of barbed words and wire, 2002, http://www.smh.com.au/news/specials/natl/woomera/index.html). Thanks to Fazal Rizvi for this reference.

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