Forum on Public Policy

‘The Rich and the Poor’: Eradicating Hunger in a “Global” Economy
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Abstract
This paper seeks to bring the Snow-Leavis controversy up-to-date, that is, to apply it to our contemporary world. The arguments of two contemporary authors, Jeffrey Sachs, *The End of Poverty: Economic Possibilities of Our Time*. New York: Penguin Books, 2005, and David Harvey, *A Brief History of Neoliberalism*. New York: Oxford University Press, 2005, are played off against one another to illuminate the present situation. Jeffrey Sachs is a Harvard economist who is currently an advisor to Kofi Annan at the United Nations in New York. His book was on the *New York Times* bestseller list for many weeks when it was first published. David Harvey is an academic who was a professor at Oxford University and the Johns Hopkins University and is currently Distinguished Professor of Anthropology at the Graduate School and University Center of the City University of New York. His book is directed at the specialist rather than at the general public, but it written in a very accessible manner.

In addition, references to popular culture, information from the internet, news reports from “the media” of television and *The New York Times*, are inserted throughout the paper to aid in exposing the situation of poverty in non-industrialized nations and in nations in the process of industrialization. An examination of such sources is a means for the Humanities to encourage students to think critically about the codes and signs that are embedded in the information with which the population is bombarded constantly. What emerges is a mosaic of sources that often contradict and sometimes support one another’s assertions. Most importantly, Sachs and Harvey demonstrate that the Snow-Leavis controversy, ‘The Rich and the Poor,’ is still very much with us: How can the Sciences and the Humanities work together in wealthy nations to help underdeveloped nations to eliminate poverty?

Introduction
When C.P. Snow delivered the Reade lecture, *The Two Cultures*, in 1959, there existed still in industrialized nations the belief that science could solve the world’s ills. It was a natural reaction to the increasing pace of scientific discovery that had emerged since the end of World War II. The introduction of anti-biotics revolutionized medical science, making possible the control and in some cases the elimination of once widespread and often fatal diseases, including typhoid, plague, cholera and tuberculosis. Penicillin, the first widely used antibiotic, was effective against many staphylococcal infections. Jonas Salk’s vaccine for polio was mass tested in 1954 and mass immunization programs followed soon after.

In the United States the economy was undergoing a post-war boom that was in large part fueled by the Marshall Plan to rebuild Europe. As the U.S. shifted from war production,
telephones, televisions, cars, and home appliances, to name but a few, became affordable to the working class home for the first time in history.

At the same time nuclear physics reared its head and the Atom bomb, followed by the Hydrogen bomb, were born. Were they to put an end to war or to control a cold war? They succeeded in neither, yet they still stand as a threat to humanity today. The Humanities exhume our histories, study our languages, decipher our artistic production and place in philosophical terms what it is to be a human being. Without the humanities, discourses on the morality of war versus peace forced by mass destruction, the Feminist movement, the Civil Rights movement, Gay and Lesbian liberation, the investigation of the causes of Global Warming, International Trade Agreements, Religious Fundamentalism, and the struggle for greater freedoms which is by no means complete, would never have been undertaken. What I am arguing is that although in all human tasks, those engaged in day-to-day performance see a vast difference between one and the other, there is in actuality an interdependence and intermingling in human endeavors that apply to the Sciences and the Humanities as well. “The ideal of contamination has few exponents more eloquent than Salmon Rushdie, who has insisted that the novel that occasioned his fatwa “celebrates hybridity, impurity, intermingling, the transformation that comes of new and unexpected combinations of human beings, cultures, ideas, science, politics, movies, books, songs. It rejoices in mongrelisation and fears the absolutism of the Pure.”

The argument between C.P. Snow and F.R. Leavis was based more on social class distinctions than on an intrinsic dichotomy between science and the humanities. Snow admitted

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as much when he wrote in *The Two Cultures: A Second Look*, “Before I wrote the [1959 Reade] lecture, I thought of calling it ‘The Rich and the Poor’ and I rather wish that I hadn’t changed my mind. The scientific revolution is the only method by which most people can gain the primal things (years of life, freedom from hunger, survival for children)—the primal things which we take for granted and which have in reality come to us through having had our own scientific revolution not so long ago.”

F.R. Leavis responded “What for----what ultimately for? What ultimately, do men live by?” It is a question that has been explored at length in the humanities, but which one can have the leisure to ask only after “the primal things” have been achieved. Leavis rightly explained that Snow had not addressed the complexities of the issue of industrialization. Snow responded by turning to the work of social historians, who provided “the elemental facts of the lives and deaths of peasants and agricultural labourers in seventeenth-and eighteenth-century England and France. . . . They tell a story which can be duplicated in Asian (or Latin American) communities today.”

In the United States, scientific and often social research that were the primary functions of the university have moved to the corporation. Funding, in the form of research grants, comes mainly from the private sector. The result is that university education must be applicable to business---more specifically, to corporate expansion. With the collapse of the U.S.S.R., the populations of pre-industrial nations can survive by convincing multi-national corporations that

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3 F.R. Leavis, *Two Cultures? The Significance of C.P. Snow* (New York: Random House, (1963), 44.
4 Ibid.
there is profit to be made in bringing industrialization to their countries, mainly in the form of cheap labor. Since World War II, the laborers of Japan, Taiwan, Korea and now China have had to endure the birth pains of early industrialization in order to eradicate widespread starvation.

The costs of being tied to a world market, and how teaching the sciences and humanities can address issues concomitant to contemporary means of production forty-five years after Snow’s lecture, will be the subject of my paper.

In 2005, a noted Harvard economist, Jeffrey Sachs, described the conditions that he had observed in “factories all over the developing world.” He wrote, “I have grown familiar with the cavernous halls where hundreds of young women sit at sewing machines, and men at cutting tables, where the fabrics move along production lines and the familiar labels of GAP, Polo, Yves Saint-Laurent, Wal-Mart, J.C. Penney and others are attached as the clothing reaches the final stages of production. There is nothing glamorous about this work. The women, 18-25 years old, often walk two hours each morning in long quiet files to get to work from the poorest neighborhoods. Arriving at seven or seven thirty, they may be in their seats for most of the following twelve hours. They often work with almost no break at all or perhaps a very short lunch break, with little chance to go to the lavatory. Leering bosses lean over them, posing a threat of sexual harassment. After a long, difficult, tedious day, the young women trudge back home, where they are again sometimes threatened with physical assault. . . .” Clearly, Sachs is inserting himself into the Two Cultures debate from the perspective of the Third Culture, the

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social sciences. Nonetheless, far from protesting the deplorable conditions that he had witnessed at first hand, Sachs supported the elimination of trade protectionism in wealthy nations because he viewed sweatshops from a theoretical position as an outsider, from an economic-historical perspective; that is, as the first critical, measurable step up, on the ladder out of extreme poverty. He compared the workers that he had seen to “the experience of many generations of immigrants to New York City’s garment district and a hundred other places where their migration to toil in garment factories was a step on the path to a future of urban affluence in succeeding generations.”

His remedy is nothing short of astonishing. “At the most basic level, the key to ending extreme poverty is to enable the poorest of the poor to get their feet on the ladder of development.” He views cheap labor as human capital that needs health, nutrition, and skills so that each worker can be economically productive for wealthier nations.

The performance art group, The Yes Men, is more direct (and humane) about the situation. Impersonating WTO representatives at a meeting in Tampere (pronounced Tamperay) Finland, they described to the audience assembled, the difference between importing slave labor and outsourcing: A slave has to be purchased and maintained—clothed, fed and housed. In Finland, $10 would pay for only two McDonald’s meals; the cheapest room costs $250, the least expensive clothing is $50. On the other hand, when production of goods is outsourced to Gabon, for example, $10 pays for two weeks of food, $250 provides for 2 years of housing, and $50 pays

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7 For a discussion of the Third Culture, see the Internet article by D. Graham Burnett, “A View from the bridge: The Two Cultures Debate, its legacy and the history of science,” Daedalus (March 22, 1999): section on The Public Life of the Two Cultures.
8 Sachs, The End of Poverty, 11.
9 Ibid. 12. [my emphasis]
10 Ibid., 244.
for a lifetime of clothing. The cost per worker can be as little as 5 cents to $2 a day, depending on whether child labor is used, whereas child labor is illegal in Finland.\textsuperscript{11} \textit{The Yes Men} performance was meant to be a farce, tongue in cheek, but it presented to the viewer the position of the World Trade Organization and the costs to labor very clearly. In the year 2000, per capita income in China was two tenths of a percent relative to the income of Western Europe. In Bangladesh Sachs reported, “The fight for survival is gradually being won, although still with tremendous risks and huge, unmet needs.”\textsuperscript{12} Sachs seldom mentions actual wages, but he does speak in percentages. The investment in human capital that he advocates would be less than one percent in “rich world” income.\textsuperscript{13}

China’s economy, since 1994 when Deng Xiaoping introduced an extensive program of corporatization---all but the most important of State Owned Enterprises were converted to share-based corporations---has averaged a growth rate of close to 10% a year\textsuperscript{14} As a result, recently The New York Times reported that the flow of young women to factory work has begun to slow down. China’s growth rate is a unique situation: Under Mao, major health campaigns reduced or eliminated infectious diseases such as malaria, hookworm, cholera, smallpox and plague. Community health workers in rural areas were trained in essential health services, and important improvements in basic infrastructure (roads, power, drinking water and latrines) improved the safety of the physical environment. In addition, major increases in crop productivity were achieved.\textsuperscript{15} China had communal farms, not state owned farms as in the USSR where workers

\begin{itemize}
\item \textsuperscript{11} \textit{The Yes Men}, (MGM DVD): 2004.
\item \textsuperscript{12} Sachs, \textit{The End of Poverty}, 10.
\item \textsuperscript{13} \textit{Ibid.}, 288.
\item \textsuperscript{14} David Harvey, \textit{A Brief History of Neoliberalism} (New York: Oxford University Press, 2005), 129.
\item \textsuperscript{15} Sachs, \textit{The End of Poverty}, 153.
\end{itemize}
were paid by the state. In China, farmers had communal land tenure and communal pay. After Mao’s death, between 1977 and 1979 the communal system was disbanded and reverted to household plots. The reversion involved approximately 700 million people. Thus China’s population, especially in the eastern region of the country, close to the seaports, was ready to move into the capitalist market, under a strong centralized government.

In Africa, the situation is quite different. Approximately three fourths of the population has a per capita income below $2,000 a year. Although statistics, according to the World Bank, are not widely available for Africa, in fifteen countries more than 25% of the population lives below $1 a day. More importantly, Africa is suffering from “a plague” of disease. In Swaziland in southern Africa, which has the highest infection rate in the world, almost 40% of adults are infected with AIDS. Although it would take only a $4 dose of a nevirapane pill to block mother to child transmission during childbirth, wealthy nations are reluctant to invest in Swaziland because of its lack of infrastructure, arable land and healthy soil, government services and policing.16

Meanwhile, let’s take a look at the situation back at the ranch. (Remember that Reagan did and George W. does like to play cowboy.) It is obvious that if wealthy countries are outsourcing, their own labor forces are losing jobs to markets where labor is cheaper. The crisis of the labor movement in the United States is an old story. It comes as no surprise to those who remember Ronald Reagan’s firing of 11,000 Air Traffic Controllers in 1981 or that in 1976 a bankrupt New York City was bailed out by loans from city worker’s pension funds and by closing the city schools and University for two months and furloughing the faculty and staff.

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while ten year real estate tax abatements were given to developers such as Donald Trump and Rockrose who “renovated” buildings, including those that might have had only one brick standing. “In the fifteen years following Ronald Reagan’s 1980 election, many unions gave back wages and benefits, some in despair and others as a result of lost strikes.” In addition, Reagan deregulated industry, agriculture and resource extraction.17 Whereas in 1953 union labor constituted 35% of the labor force in the U.S., in 2003 it was 8.2%. Why?

In 1979 the U.S. Federal Reserve under Paul Adolph Volcker made a drastic change in policy, raising interest rates to curb inflation at any cost, despite its consequences, particularly to unemployment. Volcker strongly supported the firing of the Air Traffic Controllers in 1981 under Reagan. In a PBS interview, he stated, “it wasn’t really a fight about wages; it was a fight about working conditions. . . .the controllers were government employees, and the government didn’t back down. . . .That had a profound effect on the aggressiveness of labor at that time.”18 Volcker recalled that his education at the London School of Economics had made an enormous impression on him. He stated, “the glories of a free enterprise system . . . was a very persuasive argument.”19 At the London School of Economics, Volcker followed the policies of the political philosopher Friedrich von Hayek whose ideas included a belief in private property, the competitive market, and personal (as opposed to collective, i.e., majority rule) freedom.20 Margaret Thatcher was a big fan. Elected Prime Minister in May 1979, “with a mandate to curb trade union power and put an end to the miserable inflationary stagnation that had enveloped the

18 Commanding Heights: an interview with Paul Volcker, Public Broadcasting Station: (September. 26, 2000).
19 Ibid.
20 See the website Hwww.montpeleHinH. org.
country for the preceding decade.” She visited Volcker when she came to the U.S., for what he was doing paralleled what she was trying to do. He said, “She admired tough monetary policies. We got along very well. . . . I was a great admirer of hers.” He added that they gave one another moral support. When Thatcher “slayed the inflationary dragon” in Britain and began to privatize, and the Americans began to de-regulate, it marked the beginning of a world movement.

The deregulation of everything from airlines and telecommunications to finance opened up new zones of market freedoms for powerful corporate interests. Tax breaks on investment effectively subsidized the movement of capital away from the unionized northeast and Midwest in America and into the non-union and weakly regulated south and west. Thus government intervention to help capital was enacted despite Volcker’s gushing enthusiasm for the glories of a free enterprise system. Deindustrialization at home and moves to take production abroad became much more common. The market, depicted ideologically as the way to foster competition, became a conduit for the consolidation of monopoly power. The top personal tax rate was reduced from 70 to 28% in what was billed as “the largest tax cut in history.”

And so began the shift towards greater social inequality and the restoration of economic power to the upper class. In short, the super rich became richer and the poor, along with the middle class, became poorer.

What has happened over the past 20-25 years is that there has been a huge retreat of governments from “the commanding heights of economy.” Volcker and Thatcher took a

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21 Harvey, A Brief History of Neoliberalism, 1.
22 Commanding Heights.
23 A Brief History of Neoliberalism, 26.
24 Ibid., 15.
relatively obscure doctrine known as “neoliberalism” and made it the central guiding principle of economic thought and management.

What is neoliberalism? “Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms [Freedom is a key word. George W. uses it often, although when confronted by the antics of The Yes Men, he told a reporter, “There ought to be limits to freedom.”] and skills within an institutional framework characterized by strong private property rights, free markets, and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices. . . . “[back to Adam Smith!].

State interventions in markets (once created) must be kept to a bare minimum because, according to the theory, the state cannot possibly posses enough information to second-guess market prices and because powerful interest groups will inevitably distort and bias state interventions. (particularly in democracies) for their own benefit.”

“Transformations of this scope and depth do not occur by accident.” What had happened in the 1970s was that inflation and unemployment in the U.S. and Europe created an economic crisis that caused widespread discontent. Communist and socialist parties were gaining ground across much of Europe and in the United States there was widespread agitation for reforms and state intervention. There was a clear political threat to economic elites and ruling classes everywhere, both in the advanced capitalist countries such as Italy, France, Spain and Portugal, and in many developing countries such as Chile, Mexico and Argentina. In

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25 Commanding Heights.
26 Harvey, A Brief History of Neoliberalism, 2.
27 Ibid., 1.
Sweden The Rehn-Meidner plan offered to buy out the owner’s share in their businesses and turn the country into a worker-share owner democracy.

Beyond this, the economic threat to the position of ruling elites and classes was palpable. In the U.S. the control of wealth (as opposed to income) by the top one percent of the population had remained fairly stable throughout the twentieth century. But in the 1970s it plunged precipitously as asset values (stocks, property, savings) collapsed. The upper classes had to move decisively if they were to protect themselves from political and economic annihilation. The coup in Chile and the military takeover in Argentina, promoted internally by the upper classes with U.S. support, provided one kind of solution. In the arts, it was dramatized by Costa Guavas in his film, Missing.

Gérard Duménil and Dominique Lévy, after careful reconstruction of the data, have concluded that neoliberalization was from the very beginning a project to achieve restoration of class power. The top 0.1 percent of income earners in the U.S. increased their share of the national income from 2 per cent in 1978 to over 6 per cent by 1999, while the ratio of the median compensation of workers to the salaries of CEOs increased from just over 30 to 1 in 1970 to nearly 500 to 1 by 2000.

After 1973 U.S. investment banks became more focused on lending capital to foreign governments, as opposed to their earlier interest in raw materials, agricultural products or specific markets such as automobiles or telecommunications. Needing credit, developing

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28 Ibid., 14-15.
29 G. Duménil and D. Lévy, “Neoliberal Dynamics: Towards a New Phase?” in K. van der Pijl, L. Assisi and D. Wigan (eds.), Global Regulation: Managing Crises after the Imperial Turn, (Palgrave: Macmillan, 2004), 41-63. See also, Task Force on Inequality and American Democracy, American Democracy in an Age of Rising Inequality, American Political Science Association, 2004; T. Piketty and E. Saez, “Income Inequality in the United States, 1913-1998, Quarterly Journal of Economics (2003): 118.
countries were encouraged to borrow at rates that were advantageous to the banks. Since the loans were in U.S. dollars, any rise in U.S. interest rates could easily push countries into default, exposing U.S. banks to serious losses. After 1982, under Reagan, the IMF and World Bank became promoters and enforcers of free market neoliberalism. In return for debt rescheduling, indebted countries were required to implement cuts in welfare, more labor market laws, and privatization.

As recently as April 28, 2006, The World Food Program, the United Nations agency responsible for feeding three million people affected by the conflict in Darfur, in western Sudan, announced that it would cut in half the amount of food it distributed there because it was short of money. The food program had received just one third of the $746 million it had requested from donor nations. As a result, food rations for individuals were reduced from 2,100 calories a day to 1,050. On May 1, 2006 The New York Times reported “hunger is becoming more widespread and persistent, even as donors become less interested in financing food. At least nineteen African nations have food crises right now. Hunger has been rising steadily since the 1990s but in 2004, the amount of aid in food was half that of 1999.” On May 8, 2006, the Jim Lehrer program on PBS, reported that the U.S. would help the African region of Sudan to alleviate hunger in the region if the Darfur rebels would stop fighting. The help would come in the form of loans of money to Sudan, so long as stability in the African country was assured.

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30 CBS News with Bob Schieffer, June 13, 2006. The conflict is between local militias siding with the government against rebels such as the Zaghawa tribe, which leads the most powerful faction of the rebels. In 3 years of fighting it is estimated that there are 180,000 – 200,000 dead, 2 million driven from their homes.

31 Lydia Polgreen and Joel Brinkley, The New York Times (June 12, 2006): International Section, 1 and 9.
Conclusion

And so the question remains still, how to feed people in undeveloped nations? The Marshall Plan gave the money away without strings, often to governments that included socialists; “Marshall and Truman required the Europeans to draw up the program themselves so it would not bear the taint of U.S. imperialism. They resisted efforts to use it as a lever to force European countries to remake their economies in America’s image.”32 Helping people can be much harder than it looks. When people are chronically hungry, shipping in food can actually make things worse because the imported food lowers prices and discourages farmers from planting in the next season. That is why the United Nations, when spending aid money, tries to buy food in the region, rather than import it. Some studies indicate that aid does improve growth (economists don’t agree about this any more than they agree about anything else). And whatever the impact on economic growth rates, aid definitely does something far more important: it saves lives. For pennies, you can vaccinate a child and save his or her life. For $5 you can buy a family a large mosquito net and save several people from malaria.33 I suggest the dismantling of neoliberalism, which is currently taught in economics departments in the U.S. to students from countries throughout the world that study in the U.S. and return home to implement the new economic policies. We have to take back our classrooms. One means to accomplishing this is to teach popular culture, newscasts, and other non-traditional materials to make students aware of the signs, structures and functions of the media images that bombard them. The Humanities can explain and dramatize the abuse, the sciences can refuse to serve those corporations that engage

in industrial exploitation (as Bill Gates’ father recently refused to support the elimination of the estate tax in the U.S.), economics departments can return to a model seeking economic justice, fair trade and greater economic security (a more equitable salary and tax system and a safety net.) If the U.S. public can be persuaded to support anything in the name of freedom, it can be persuaded to support freedom from hunger.

In his annual message to Congress in 1935, President Roosevelt made clear his view that excessive market freedoms lay at the root of the economic and social problems of the 1930s Depression. Americans, he said, “must forswear that conception of the acquisition of wealth which, through excessive profits, creates undue private power. Necessitous people are not free. Everywhere, he argued, social justice had become a definite goal rather than a distant ideal. The primary obligation of the state and its civil society was to use its powers and allocate its resources to eradicate poverty and hunger and to assure security of livelihood, security against the major hazards and vicissitudes of life, and the security of decent homes.”

We need an entirely different bundle of rights from those of neoliberalism, to include the right to life chances, to political association and “good” governance, for shared control over production by the direct producers in the form of fair labor unions, to the inviolability and integrity of the human body, to engage in critique without fear of retaliation, to a decent and healthy living environment, to collective control of common property resources, to the production of space, to difference, as well as rights inherent in our status as human beings. We need to take control of the moral argument. It does not belong to the reactionary religious right only. The world is in a position to set a completely different set of values from those presently

34 Harvey, *A Brief History of Neoliberalism*, 183.
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dominating our political and economic practices: those of an open democracy dedicated to the achievement of social equality coupled with economic, political and social justice. Roosevelt’s arguments are one place to start. An alliance has to be built to regain popular control of the state apparatus and to thereby advance the deepening rather than the evisceration of democratic practices and values under the force of market power.35

References


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35 Ibid., 204.