

## Living in the real world

The number of people in the world living in absolute poverty has grown, not declined, in the last 25 years. 1.3 billion people, more than a fifth of the human race, live in absolute poverty, lacking access to basic necessities such as food and clean drinking water. One-third of the world's children are undernourished, and 12.2 million of them die before the age of five every year, 95 percent of them from poverty-related illnesses. Over 400 armed conflicts have occurred since the end of the Second World War. These have caused the deaths of over 20 million people directly and an estimated one and a half million indirectly. Total world military spending stands at around \$750 billion a year – equivalent to the annual incomes of the poorest half of the world's people.

In Britain, 3.7 million children – one in five – now live in families dependent on Income Support, or on less than this. There are six million people, who live in uninsulated homes, with inadequate heating systems, who cannot afford to be warm. An estimated half-million of people are homeless. Out of the 66 main causes of death for men, 62 are more common in social classes IV and V. In women 64 out of 70 are more common in these social classes. In recent years increased poverty and unemployment have been responsible for the return of tuberculosis as an important disease.

Even many of those whose standard of living, as measured by an increase in their disposable monetary income, do not consider themselves to be living in an improving world. In two separate opinion polls in 1995 60 percent of people replied "worse" to the question "do you think that the kind of world that today's children will inherit will be better or worse than the kind of world that children of your generation inherited, or about the same?" An Index of Sustainable Economic Welfare – which takes into account such other factors as inequality, crime, environmental degradation, insecurity, the decline of public services, as well as disposable income – has been falling since the mid 1970s and by 1990 was almost back to its 1950 level.

All these facts and figures – and many more – together with their sources are to be found in *The Politics of the Real World* published in February by Earthscan (price: £6.99). This book was prepared by a coalition of campaigning charities, including Oxfam, Friends of the Earth, Save the Children, Christian Aid and the World Wide Fund for Nature, calling itself the Real World Coalition.

### Campaigning Charities

One feature of political life (in the broadest sense) in recent decades has been the rise of the campaigning charity. In the past charities were mainly religious bodies handing out donations from the guilty rich to the deserving poor who were supposed to be grateful and not ask for more. Now, with a relaxation of the rules by the Charity Commissioners, charities tend to see themselves just as much as pressure groups campaigning and lobbying on behalf of their beneficiaries as bodies providing help. They have become, while continuing their basic charity work, single-issue, reformist organisations.

One of the main reasons for this was the failure of the Labour Party to do much to help the "underprivileged" and the "disadvantaged". At one time Labour had a global strategy of trying

to improve social conditions for the destitute, the sick, the handicapped, the unemployed, the old by means of social reform legislation. But when in power they found that they had to give priority instead to profits and profit-making, since the capitalist system (which, as the government, they had assumed responsibility for managing) runs on profits.

The Wilson and Callaghan Labour governments of the 60s and 70s all ended up cutting back, not expanding, social welfare provisions. As a result, many of those concerned with such problems withdrew from working through the Labour Party to try to tackle them and moved instead to working through charities, which they eventually turned into the campaigning organisations they are today.

This represented a step back from Labour's global reformism to a mere single-issue reformism. Now, apparently, many of those in the charities have come to realise that each of them cannot solve in isolation the problem they target and that these problems are interconnected and require a global approach.

The Real World Coalition is an attempt to overcome the limitations of each charity being a single-issue campaign group. The result is a surprisingly perceptive analysis of how the main problems charities are concerned about – "Third World poverty, relative deprivation in Britain and environmental damage" – are interlinked and have a common cause. This, however, is not followed up when it comes to proposing a solution.

### **The indictment**

The common cause of the various problems is identified as "the dominant intellectual model of economic and social progress" of "the unquestioned pursuit of economic growth", "based on the expansion of market forces". This "model" is mercilessly criticised.

"As we approach the new century, it has become increasingly clear that the model of economic and social progress which has dominated the second half of the present one no longer works. The problems of environmental degradation, global poverty and domestic inequality have begun to threaten, even to overwhelm, the gains which have been made . . . The failure of the model lies not just in the existence of these problems, or even their increase. It lies in the way in which current patterns of economic growth, based on the expansion of market forces, are themselves their cause. The model is ultimately self-defeating" (P. 117).

"There is now little sign – indeed, increasingly, little pretence – that such problems will be either eradicated or repaired by further application of the model's prescriptions. On the contrary: what has now become clear is that further economic development on the pattern of the past will continue to exacerbate these problems. For they are not, as supposed, symptoms of the model's *failure*, but of its *success*"(pp. 10-11).

"The international regime of free trade, capital mobility and market deregulation acts as a constant pressure on social and environmental standards. Combined with the now rapid processes of technological change, increasing international competition forces companies and governments to seek ways of cutting costs. This is having a direct effect not just on wages but on the conditions and security of employment, as firms look for maximum flexibility and

productivity from their employees – in white collar occupations as well as blue collar ones. Moreover global competition acts as a downward pressure on employment protection, social security and consumer protection standards, as arguments over the European Social Charter have demonstrated. Environmental policies which are seen to raise costs - even if this is only in the short term - similarly become more difficult to defend. Taxation and public spending themselves come to be regarded as costs, raising prices and driving away foreign investment, and are therefore to be reduced" (p. 57).

"The crucial realisation is that these outcomes are not incidental by-products of market forces, but central, predictable consequences of them" (p. 119).

### **Back to Square One**

It might be thought that anyone making such an analysis would go on to conclude that what is required is the complete abolition of the world market system. This, however, is far from being the case. All the Real World Coalition offers is . . . "the social regulation of trade", "regulating markets for the general good", "a gradual, agreed, managed shift in international economic relations": *"It is not markets themselves to which we take exception, but the abdication of democratic decision making to the socially and environmentally damaging outcomes of overall market forces. Markets are essential. But they must be shaped in the interests of society, not vice versa"* (pp. 119-20).

This, the Real World Coalition go on, requires *"governments with the mandate and power to influence and constrain market forces to generate the chosen outcomes. To do this governments have many tools at their disposal: law, taxation, public expenditure, incentive, persuasion"*.

This is just the classic reformist recipe of government intervention to try to constrain the market system to work for the common good. Precisely the recipe which failed when Labour tried it and whose failure led to the rise of the campaign charities.

The fact is that capitalism cannot be reformed so as to serve the common good. In suggesting that it can the Real World Coalition has merely gone back to where the Labour Party was thirty or so years ago. This makes it much more radical than the Labour Party is today, but just as wrong.

### **Not Just An Intellectual Model but a System**

The flaw in their analysis is to see the "model" they criticise merely as a set of ideas that has been freely adopted and which can be abandoned by a similar act of will if those in power can be persuaded to do so. The model of "unquestioned economic growth" is indeed a set of ideas, but it is more than this: it is a set of ideas that reflects and corresponds to the capitalist economic system.

Capitalism is an economic system of capital accumulation out of profits. This is its dynamic. Profits are made by competing firms which, in order to remain competitive, have to re-invest most of them in new, more productive machinery and equipment. The result is the

accumulation of a greater and greater stock of productive equipment used to make profits, or capital. This is the reason for "the unquestioned economic growth" that the Real World Coalition attacks as the cause of the problems its member charities seek to solve. But it is not an accident. It is the very essence of capitalism. Economic growth and capital accumulation are the same thing; capitalism is the system of capital accumulation.

That "the dominant intellectual model" is dominant is not accident. It is in fact a reflection of the logic of capitalism and is not something that can be changed by a mere decision of those running the system to adopt a new model. It is the intellectual model which the system demands those who manage it to adhere to.

What this means is that those who adhere to it who are the ones living in the real world – the existing real world of capitalism. And that it is the campaigning charities, who imagine that things could be different within the capitalist world market system, who are living in cloud-cuckoo-land.

To stop the "dominant intellectual model" being applied means getting rid of the system of blind economic growth of which it is but an ideological reflection. This requires, not tinkering through legislation and taxes, but a revolution in the basis of society which would make the productive resources of the world the common heritage of all humanity instead of the exclusive property of individuals, corporations and governments. On this basis, a different "model" would emerge, that of organising the production and distribution of wealth to meet human needs.

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