



# World Chronicle

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## **“The Inequality Predicament”**

History is replete with examples of successful societies functioning despite enormous inequalities of wealth, from ancient Egypt to imperial Rome, and from classical China to the Aztecs. Yet, increasingly, experts are warning about the negative consequences of the growing gap between the rich and the poor, both within and between countries. Why?

Does the United Nations have a mandate to concern itself with global inequalities? Is the growing gap between rich and poor a consequence of globalization -- or is a globalized economy the engine for trying to close the gap? What role does the world's increasingly large informal work sector play in the erosion of social benefits such as access to health care? These are some of the questions explored in this World Chronicle interview with José Antonio Ocampo, the UN's Under-Secretary-General for Economic and Social Affairs.

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**ANNOUNCER:** From the United Nations in New York, an interview programme on major global issues. This is **World Chronicle**. And here is the host of today's **World Chronicle**.

**JENKINS:** Hello, I'm Tony Jenkins. An imbalance between rich and poor is the oldest and most fatal ailment of all republics. Those words are not my words, of course, but the Greek philosopher Plutarch – about 20 centuries ago. A recent report from the United Nations comes to a very similar conclusion: as the rich get richer and the poor get poorer, we can ignore this growing inequality only at our own peril. We'll be talking the consequences of this widening gap between haves and have-nots with our guest José Antonio Ocampo, who heads the UN Department of Economic and Social Affairs. Mr. Ocampo, welcome. Why should the United Nations care? Who made the United Nations in charge of making sure that there wasn't equality, I mean, I can understand going to poor countries and helping countries to get out of the rut, but surely if their income inequality is amongst their own citizens, why is that any business of ours?

**OCAMPO:** Well there are many way in which the United Nations has been mandated to focus on inequalities. The first, I will mention the ... international inequalities, development or developing countries has been at the centre of the United Nations since its creation. So, how to get developing countries to higher standards of living? But also, all the world summits have given a specific mandate. The Beijing and the previous summits on women gave the United Nations a clear mandate in the case of gender inequalities and the Social Summit of Copenhagen, ten years ago, gave a clear mandate to the United Nations to focus on the equality of ...

**JENKINS:** So these are all based on a moral argument basically. Humanity has moral obligation to reduce inequality?

**OCAMPO:** Well I think more than moral, although it is moral, I think, first of all, it is based on, I would say the principle of democratic forms of government. Which means that citizens have to be given access to certain rights, which is the basis of citizenship. It is also of course related to the preoccupation of the United Nations for the issue of security.

**JENKINS:** Ah, good. Well those are two very interesting areas and we should get into them. Let me just say that we are joined today by two fellow panellists Laura Angela Bagnetto of the *Saudi Press Service* ...and Erol Avdovic of *Deutsche Welle*. Erol.

**AVDOVIC:** Mr. Ocampo, it is certainly a very interesting report, your report, that we have an opportunity to see recently but as Tony put it, this is a moral argument of the mankind, how

we can prevent those inequalities and these are very old issues. Actually are we talking about some kind of vicious circle that we cannot break, that we cannot get out and what can United Nations really do to offer such solutions, on addressing inequality?

**OCAMPO:** Yes, all forms of inequality will reproduce themselves if they are not addressed. That's what we call in this report the inter-generational transmission of inequality. So it gets transmitted from generation to generation ... to really address that. That is the poor will have poor education, poor health, they will have poor job opportunities and they will continue to be poor unless the issue has been addressed. And I think that is at the centre of the preoccupations not only of the United Nations but of the member states. I mean, the issue of how to avoid this vicious circle of poverty is a centre preoccupation of the United Nations.

**AVDOVIC:** But if I just can ask you, it understandable somehow about the emerging country democracy, for example, in Eastern Europe, that they do not have resources, do not have these kind of problems, but even the very rich countries, like... as mentioned in the report, United States, Britain and Canada are repeating somehow the mistakes, how do you explain that then?

**OCAMPO:** Well, what we stress is that the tendency towards inequality, within countries is very broad based, it affects some rich countries like you said the U.S., Canada, Australia, it affects the transitional economies of Central and Eastern Europe, it affects many parts of the developing world. It is not universal but it is very broad based.

**BAGNETTO:** Mr. Ocampo, I wanted to ask you, I want to turn it over to education and gender. Normally, education brings the promise of better opportunities in life and also better opportunities at work and in the report, they note that there is a growing disparity between men and women and yet more women and girls are being educated. Exactly what has happened there?

**OCAMPO:** Well we, first of all we take a broad based concept of inequality. We are not talking about only income inequality we are talking about all forms of inequality. And we stress that gender inequality is one of the major forms of inequality in the world. It predates certainly the globalization and in some areas there is clear improvement, as you mentioned in education, there is a tendency towards more equality. And actually in some regions women get more educated than men but there is a significance breach between that advancement and what happens in the job markets, where the women in most countries get very informal jobs, you know, lower paid than those of men so while we have been advancing, education has not been reflected in the job market. So there is some ways of discrimination on the job market that continues to be felt in many parts of the world. As well as in other dimensions, political

representation will clearly show that women are still far behind in terms of political representation.

**JENKINS:** You know what I'd like to do, I'd like to just bring it back to fundamentals for a moment, because I want to know what we are talking about when we are talking about inequality and we are talking about the poor... how poor are we talking about. I mean, I could talk about inequality. I'm a journalist. There are journalists in this country who are paid more than a hundred times I'm paid. I think that's pretty unequal but I couldn't plead poverty. You're talking about something very specific, I think. I read somewhere that 20% of the world's population controls something like 80% of world's wealth. Could you put some numbers – what does it mean? What does somebody that you are concerned about who is really poor at the bottom end of the scale? What are they living on? What are their conditions? What is the situation that you are concerned about that you think that the world has a moral obligation to deal with?

**OCAMPO:** Well, let's start by saying in one that people... humanity lives with less than one dollar a day. That's pretty low standard but there is a significant number of children in Sub-Saharan Africa who do not finish primary school. I mean, those are precisely the objectives that the United Nations has put in the centre with the Millennium Development Goals which are very specific targets.

**JENKINS:** When you live on less than a dollar a day you have a whole slew of others problems that automatically come with it. Your health is poor, you die young, your babies are lucky if they survive child birth, you can't read and write, you have no access to health care. Those are the sorts of situations you are dealing with, right? And what you are saying is humanity has a moral obligation to deal with these... we cannot tolerate this?

**OCAMPO:** Well, that is clearly the point but to finish this, I think that... yes it is true, you know, those kids, for instance that do not get undernourished they don't have the mental capacity, they don't have access to education so they will have a poor job and a poor income that would be transmitted to the children ... but there are other dimensions in inequality, I mean, we were just talking about gender inequality and that is a significant problem. We talked a lot about the issue of the growing gap between the formal and informal employment, which is actually a worldwide trend. So increasingly people do not have access to stable employment that offers lifetime career but they have very unstable job situations that makes security in income, security in knowledge...

**AVDOVIC:** Mr. Ocampo, your report talks about the effects of globalization, positive and of course, negative. Talking about globalization, why the social agenda is falling behind the promoting of economic growth especially in the poor countries and emerging countries that just accepted the promotion of democracy and accepting the value of the markets?

**OCAMPO:** Well, one way to put this is that, even the concept of globalization is usually associated with economic globalization that is with the spread of global markets... global markets for goods, for services, for capital, not always for labour because there's a lot of restrictions on labour mobility in the world, so that's the major focus on... on globalization. Now you can say that in a... in a balanced world, you know the economic agenda, the development of let's say of freer markets, should be managed by the development of social institutions that give... that markets exist in societies, they don't exist in abstract but they don't have, inclusive, you know inclusive and cohesive society, they will affect markets in the end.

**AVDOVIC:** But you...you ... again, you have those countries that are just emerging in accepting democracy... democratic values, they are forced somehow to fight hard in order to catch with the competition... with the world competition and they are, of course, falling behind. What can you offer them as advice or as a solution maybe it's too ambitious to say solution, but as advice?

**JENKINS:** What... if I could just add to that... what I'm hearing or what Erol is asking is. Is globalization part of the problem or part of the solution, maybe it's both, I don't know.

**OCAMPO:** Well, first of all, it is a reality, I mean to start... last year there was a report that the International Labour Organization put out called the, the report on the Social Dimensions of Globalization. And I think the basic point is that, that if we are going to have a, you know, a sustained process of globalization in the economic field, we will have to have the social dimensions included in the globalization process and I think that's the major role for the United Nations. We are in a sense those that are in charge of trying to build social dimensions in the globalization process.

**JENKINS:** Laura!

**BAGNETTO:** I want to ask you about a trend that was going on before globalization and you also noted in the report. In the 2000, there were more than an hundred countries were experiencing youth bulges, where young people between the ages of 15 and 24 comprised of at least 45 per cent of the national population. In the Middle East, it's even more so because the majority is below 15 years of age. Correct me if I'm wrong... but I believe Ireland was a country that had a youth bulge in the 1980s, before globalization was even coined... and they

were able to turn their economy around, is there anything that Middle Eastern countries and other countries can learn from an example like Ireland or is it, is it something like totally new to the 21<sup>st</sup> Century?

**OCAMPO:** Well, well I think... generally speaking, countries... I mean many countries are negatively affected by some features of let's say of the global... global trends, but I think many other, many are doing well in the global context. I think what we have is to see the opportunities that are provided by the global economy and build global social institutions with the national roots that will allow many people to benefit from global trends.

**JENKINS:** You know, earlier you talked about democracy and democratic values as being tied into this and I find that very interesting because it seems to me beside the moral argument, you were placing philosophical argument, if you like... Pierpont Morgan, the great financier of the 19<sup>th</sup> and 20<sup>th</sup> Centuries in the United States once said, "...that of all the forms of tyranny, the least effective and the most vulgar is the tyranny of mere wealth, the tyranny of plutocracy..." and I'm wondering is that... one of your concerns, there will a tyranny of plutocracy that we're at... that if we don't address this in equality, we are undermining the fundamentals of democracy?

**OCAMPO:** Well, let me answer... answer first on democracy, actually, if you allow me, I think the greatest invention of the modern age is the invention of the judicial equality of citizens... I think the...the French Revolution and the concept of human rights that is associated to the... judicial equality... now that is what the United Nations inherited and one of our foundations are the United Nations charters on human rights and the associated covenant on Economic and Social rights, I think that's the foundation... I think that's the fundamental... structure of which the principle of equality is built. Now, markets... let's say sometimes equalize but more frequently generate inequalities. Societies have to build instruments that allow markets to prosper at the same time allow societies that are not as unequal as markets which generate. So, I'm actually in agreement... I think we have to stop the plutocracy generated created by markets.

**JENKINS:** We'll get into that a bit more in a moment... This is the **World Chronicle**, our guest is the head of the UN Department of Economic and Social Affairs, José Antonio Ocampo and we are talking about the consequences of increasing inequalities in the world, this growing gap in wealth and in access to basic services is the subject of the continuing debate at

the United Nations and also part of the debate around the world over how to achieve the Millennium Development Goals, here's what some New Yorkers had to say on the subject...

**VOX POP 1:** The reason why I'm speaking out today, about the poverty issues that going on in the world... you know... the promises are being broken, we are spending hundreds and billions of dollars on war, all this money could be used to find a cure for AIDS, ship medicine to Africa, you know... to end poverty in third world developing countries, so I'm urging the President of the United States and all the other world leaders of all the free countries on this planet to honour the promise that you made in 2000.

**VOX POP 2:** I just want say it's a sad story that in 2005 the world is starving not only in third world, in Africa somewhere but right here in America too. No more talking, take action, help every humanity everywhere in the face of earth. It should mandatory, it shouldn't be something you talk and negotiate.

**VOX POP 3:** The message I would like to send is to remember the law of karma, which is what goes around comes around. So if the world leaders today do not actively support the Millennium Goals, if you allow poverty to remain in some other country, it will inevitably come to you.

**VOX POP 4:** People are aware that poverty means inequality and that inequality means poverty and it doesn't matter if you are from a developing country or from the South of the United States. People are aware that global instability means, poverty, I just wanted you to know that we are aware of these problems and we are beginning to take actions and we hope that you do too.

**VOX POP 5:** It is imperative, it is important that the world leaders focus their attention upon these tragedies that is going on because if we don't find AIDS, AIDS conquerors entire world. My word to you leaders look, try your best to fight against the poverty and AIDS. Thank you.

**VOX POP 6:** Please work to achieve these Millennium Goals, fight against poverty, because after all with an issue so simple, there are no excuses...

**JENKINS:** "No excuses, the problem is simple", she says but is poverty such a simple think to deal with and if so why haven't we done it already?

**OCAMPO:** Well, unfortunately it's not so simple which doesn't mean that there are excuses. So I think I totally agree, there are no excuses but the how we get into poverty is... I

think A: It is a really important issue should be at the centre. I mean it has to do firstly to economic growth, an issue which we can take action, has to do with the way we do social policy, it has also to do with the way rich countries transfer part of their income to the poorest countries in the world in order to allow them to have more opportunities. It has also has to do with the opening of opportunities for the poorest countries. So it's a complex agenda, it's not so simple even in technical terms but particularly in political terms because it requires agreement on many things that require giving up privileges.

**JENKINS:** I'm monopolizing this a little bit but I'm going to ask one last question and then I'm going to let you guys jump in because I'm fascinated by this moral, this philosophical issue, this democratic thing. Is the problem that there isn't enough democracy and that creates inequality or is it the lack of equality prevents people from having the tools to participate in the democratic process? It's a chicken and egg question.

**OCAMPO:** Well... the second is certainly true... actually one of our dimensions of inequality according to this report is the inequality in access to political power, and I think that's one very important one...

**JENKINS :** Come on guys, jump in, help me out here...

**AVDOVIC:** Talking about the poverty as basis for inequality, it is also amazing how... since we are witnessing about this unaccepting of the whole millennium goals at the World Summit... do think the world's powers are paying enough attention to these problems since the hungry man as one of the panellist at the world body said is a angry man. Actually poverty is the basis of frustration, violence could be born there and even transferred, translated into terrorism. Are they paying enough attention to it?

**OCAMPO:** I've to say they have to be reminded all the time and I think there should be political forces that claim in their political processes that they should take world poverty into account. I think that's what we have seen around the world. NGOs that claim that rich countries should look at poor countries as part of their agenda. Now the issue has also come from the Secretariat and we heard in the Summit several times that only if the rich countries are focused on the issue of poverty of the poor countries and the world security situation will be in danger.

**BAGNETTO:** Just wanted to go back on what you said about non government organizations. In the report is says that there is a wide spread feeling that socio-economic needs are not being addressed basically people are disgruntled. Do you think that the UN Secretary-General, Kofi Annan's call to involve civil society and non-governmental



organizations more in influencing policies... do you think this will be useful in curving the overall attitude?

**OCAMPO:** Well, I clearly see in the United Nations processes that the participation of civil society has been extremely favourable for the furthering of the United Nations' goals. I think the civil society is clearly behind our social objectives, our objectives in the environmental field, about the principles of equity that are behind several of the World Summit.

**JENKINS:** They keep the governments clean, don't they? Keep them honest. They pursue them... you signed up to this commitment at the UN, we are going to make you follow up.

**OCAMPO:** I think that's the basic responsibility of civil society and I will add... I tell them all the time to parliaments. National parliaments should be in charge of the commitments that governments have made in the United Nations, in some of these conferences, after all they are government commitments that should be checked by parliaments.

**JENKINS:** There are countries that are full of democracies that still have huge inequality, India, Russia these days... huge gaps in wealth and in Latin America, Mexico, Colombia, I mean, wealth gaps are huge... your formal democracies... how does that work?

**OCAMPO:** It's a complex discussion... I mean... at one level you can say that... participatory process that democracies allow will at the end lead to improvements in the conditions of the poor by forcing government to increase social spending and take other actions in favour of the poor. Another level, you can say... for instance, in the report of UNDP on Democracy in Latin America that actually you'll have to include an agenda of economic and social democracy on top of the agenda on political democracy. Democracy is full only if you incorporate, you will allow all the principles of human rights, not only the political rights, the civil rights but also the economic, social and cultural rights.

**JENKINS:** Is that the best way of tackling the inequality problem?

**OCAMPO:** That's basically what, I think, we are arguing in this report.

**AVDOVIC:** Although we all like to be optimist, Mr. Ocampo, there's a certain level of pessimism in this report. You said in one place that there are more than 2.8 billion people that are never going to reach the level of consumption of the rich people. Why is this so? Why this pessimism? What are you going to do in the next period of time?

**OCAMPO:** The forces of inequality are deeply entrenched in the modern world. And how we can face them requires lots of action and political will. I think there's some sense of

optimism, in the sense there are forces and the United Nations is one of them that can contribute to furthering the principles of equity.

**BAGNETTO:** Well if I may just ask you about what has happened here over the past week, we had the World Summit over the three days but leading up to the Summit, the 191 member states were trying to come to an agreement, to a consensus about what is going to be done next year in the 60<sup>th</sup> General Assembly. The Bush administration it seems has back-peddled and has started to at first did not want any mention of the Millennium Development Goals and then changed its mind at the very mind and included them. I was wondering if you could comment on that.

**OCAMPO:** Well let me say one thing, the development part of Summit Declaration was the less controversial of the different parts. It generated easily a consensus, I mean the position of the U.S. that did not recognize the concept of the Millennium Development Goals is at the end... not only by President Bush and then also by Secretary of State, Condoleezza Rice, but was actually... is by one very specific mentioned in the Summit document that is actually the result of the outcome of the agreed development goal because, you know, the Millennium Development Goals are actually the part of what we call in the United Nations, the agreed development goals, which are the summits and conferences of the UN. There is the Copenhagen, is Beijing, is Rio de Janeiro and Johannesburg, is Cairo, is all the summits and conferences of the UN. I think that is one of the best dimensions, that the global society can show... one of the greatest success of the United Nations.

**JENKINS:** I think that you danced around the question. But I think what you were trying to say that you were hoping that the when Bush made his speech in the General Assembly, he basically threw his weight behind the MDGs, Millennium Development Goals. Unfortunately that's all the time that we have today, our guest today has been José Antonio Ocampo, the UN Under-Secretary General for the Department of Economic and Social Affairs. He was interviewed by Laura Angela Bagnetto of the *Saudi Press Service* and Erol Avdovic of *Deutsche Welle*.

I'm Tony Jenkins, inviting you to be with us for the next edition of **World Chronicle**.

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