SUPPLEMENT TO CHAPTER TWO
Affluence Linked to Impoverishment: An Historical Sketch

Chapter Two posited three links between "our" relative affluence and the severe poverty of others. First is the 500 year legacy of colonialism. The current form of economic globalization—coming into play in the early 1980's with the Thatcher and Reagan administrations—is the second.[1] Third is ecological injustice. Here we briefly consider each of these links, and do so for a moral purpose. *Understanding them more clearly opens doors to renouncing them and moving in opposite directions.* Thus, the effort to understand the mechanisms of exploitation for the sake of change toward justice and sustainability is a moral act and may be an act of courage.

A Link: The Neoliberal Global Economy

Ten years ago, I described the dominant paradigm of economic globalization shaping the world economy.[2] The description has proven true (as indicated most tragically in the recent global financial disaster) and an updated summary is useful here. This form of economic globalization is commonly known as neo-liberalism. It constitutes a radical shift in the global economic structure.[3] That shift is the move to increasing "freedom" of capital, those who own it, and global commerce from accountability to the broader society. This "freedom" has been achieved by progressive deregulation and "re-regulation" of financial interactions and of trade, and the attendant rise of speculative investment.[4] While some critics refer to this development as "corporate-driven globalization," I believe it is better characterized as "corporate-and-finance-driven globalization." How it has been accomplished will be of tremendous import into our inquiry.

Neoliberal economic globalization is characterized by eight defining trends. The first four were borne out by the world financial meltdown of 2007- 2009.

1. Trade in money out-pacing trade in goods and services: Buying and selling money instruments for the purpose of high short-term gain (speculative investment and the commodification of money) has outpaced trade in actual goods and services and long-term investment in production oriented economic activity.
2. Vast increase in the mobility of both trade and investment across national borders: There continues to be an escalating movement of capital as well as goods and services, (investment and trade) across international borders.[5]
3. Deregulation and "re-regulation": Regulations on trade and on corporate activity are dropped or liberalized in order to enable this movement to occur more freely.
4. Rise in private economic power (corporate power and the power of finance) relative to governmental or public power: A growing proportion of the world's large economies are corporations. They are, therefore, planned and directed in ways unaccountable to the public as a whole. As of 2001, "of the 100 largest economies in the world, 53 are corporations [comparing corporate revenue with GDP]. ExxonMobil, the largest corporation in the world, is larger than 180 nations."[6] Deregulation of finance markets unleashed the power of finance relative to governments.[7] These developments diminished

governments' power to protect their people and resources.

5. Privatization: Many public goods and services (e.g., water, electricity, health care, education, community held lands) are privatized, and no longer treated as necessary goods for all. The flipside is the withdrawal of government from many forms of social provision.
6. Homogenization: Western brands and consumer-oriented ways of life are marketed around the world, making it difficult for local products and cultural practices to be sustained.
7. Commodification of life: A monetary value is being placed on more and more areas of life, which can then be marketed and sold worldwide.
8. Increase in the power of finance capital and actors to influence the operations of non-financial service corporations.[8]

All in all, "the role of government has diminished and that of markets increased,"[9] with capital markets being most influential. These eight developments are historically situated. Their global scale is new, as is the speed of financial and economic transactions enabled by high-speed cyber-technology, the preponderance of multi-lateral agreements which free not only commerce but also currency from governmental regulations and political accountability, and the extent to which money is dissociated from the goods and services which once provided its value.

Three intertwined aspects of the neoliberal global economy are:

- financialization of the economy,
- the "free" trade agenda, and
- the so-called debt of many impoverished nations that is owed to nations of the Global North and their financial institutions.

We consider each briefly.

<u>Financialization</u>

"Financialization" refers to the "increasing role of financial motives, financial markets, financial actors, and financial institutions in the operations of the domestic and international economies," and the legislative moves that enabled that increase.[10] At the heart of financialization are speculative investment and the redirecting of depositors' money from long-term productive activity to fast action short-term financial gain (identified above as a defining trend of neoliberal globalization). The New Deal had established regulatory regimes to prevent any one financial institution from having too much power in financial markets and to prevent banks from risking depositors' money in stock markets. The intent, in part, was to keep depositors' money in productive rather than speculative activity. Financialization has redirected capital from the production of goods and services to achieving short-range high profits for the owners of financial assets.[11] It has also created unprecedented "opportunities for private, corporate actors to exercise power and influence….these trends are in turn linked to deeper transformations in local and global political economies." Laws shaped by private actors "are tailored specifically to meet the demands of business under the conditions of late capitalism….resulting [in] 'primacy' of the private sphere," attests A. Claire Cutler, professor of International Relations.[12]

Financialization surpasses the other aspects of neoliberalism in its power to influence life and death for huge numbers of people, and to re-distribute wealth upward toward the wealthy. Its impact was seen in the fall of the Mexican peso in 1994, the Asian financial crises of 1997-8, and now more recently in the world economic meltdown reaching its height in 2007-9. Deregulation, especially in the form of eliminating controls over influx and out flow of capital – together with the split-second trading capacity enabled by global computer networks – allows huge amounts of money to fly into and out of countries. Nobel Prize-winning economist Joseph Stiglitz refers to the recent financial crisis as "one of the largest redistributions of wealth in such a short period of time in history."[13] It was redistribution upward. The profits were astronomical for a few and the consequences devastating for millions.[14]

With financialization, trade in money (speculative investment involving derivatives, hedge funds, etc. for immediate profit) preempted trade in actual goods and services and long-term investment in production-oriented economic activity. Moreover, non-finance corporations (business corporations whose primary purpose is not finance) increasingly made decisions shaped by the financial demand to produce short-term profits and growing stock prices. The results are now familiar to us and they were not good for the "average citizen" and especially for the economically vulnerable. Non-financial corporations: 1) cut wages and benefits, 2) used fraud and deception to create apparent profit, and 3) entered into financial operations to generate profits. [15]

The issues are these: First, financial markets, players, and institutions have developed tremendous power to transfer wealth from those who have very little to those who have a great deal. For many the results are life-threatening. Writes investment guru Warren Buffet, "In my view, derivatives are financial weapons of mass destruction, carrying dangers that, while now latent, are potentially lethal." Thus financialization emerges along with the "free" trade agenda and the "debt," as an element of the neoliberal global economy that links the wealth of a few to the poverty of many. A corollary issue is of equal import. Finance is controlled by a tiny percentage of the world's people, and is publically *unaccountable to governance structures*. Buffet continues, "Central banks and governments have so far found no effective way to control, or even monitor, the risks posed by these contracts."[16] The issue of unaccountable power concentrated in very few hands comes to the front burner in Chapters Eight and Ten which propose accountable and distributed power as a central principle guiding more just and sustainable economic orders.

One crucial point must not be overlooked: *Any humanly-made decision or policy can be undone.* Financialization – the free reign of money owners to use their money to accumulate more money despite the costs to others and to the earth – was enabled by very specific and intentional policy decisions. "Regulatory regimes born of the New Deal and the Keynesian consensus were set aside or drastically modified, and a host of new regulations were fashioned and entrenched to achieve hegemony of finance capital….Elaborate new regulations were redesigned to pave the way for the ascendency of finance capital."[17] Those decisions were made or motivated by the people who stood to benefit from them.

To repeat: Any humanly made decision or policy can be undone and replaced *if it is recognized and if people believe that alternatives are possible and choose to work toward them.* The moral framework unfolding in the ninth chapter pursues two streams of that dismantling process: 1) resistance and 2) rebuilding alternative principles, policies, practices, and the moral-spiritual agency and worldviews to sustain them.

“Free” Trade and Investment

At the heart of the neoliberal global economy is the constellation of investment and trade policies and practices that go under the nomenclature of “free trade.” They are institutionalized through the World Trade Organization (WTO) and in bilateral and multi-lateral “free trade” agreements (FTA’s) such as NAFTA (North American Free Trade Agreement) and CAFTA (Central American Free Trade Agreement). The “free trade” agenda aims at economic growth and profit regardless of social and ecological costs. International “free trade” agreements contain provisions that enable global corporations to maximize profit at tremendous human and ecological cost. More specifically, these provisions encourage:

- Eliminating or reducing regulations on speculative finance.
- Moving production facilities to countries or free trade zones with the cheapest labor costs and weakest labor protection laws, thereby avoiding the relatively high cost of labor in the United States.
- Moving production facilities to countries (or “free trade zones” or “special economic zones”) with the weakest environmental protections.
- Privatizing public goods such as water systems.
- Patenting seeds that had sustained local populations for generations, and then selling these newly patented “products” at prices unaffordable to the populations whose lives depend upon them.
- Dumping goods such as corn and textiles on vulnerable nations dependent on their own smaller business in those very goods.
- Removing people from land on which the corporations then build plants.
- Suing governments – be they local, state/provincial, or national – for actions that lessen corporate profit.

One result is the strengthening of corporate power and finance power relative to the power of governments and citizens.

In “free trade” agreements and the discourse about them, “trade” refers to far more than trade in goods and services; it refers also to international finance laws and procedures, domestic labor and environmental policy, and local and national policy related to land and resource use. “Free” is a misnomer. While “free” trade is often described as “deregulating” (“freeing”) markets, in fact it is establishing new rules and agreements that favor corporate interests and speculative capital. As professor of International Development Robin Broad notes, “The political agenda advanced by these so-called free traders is a different animal from pure, theoretical free trade (i.e. open markets); rather the political agenda calls for more rules and agreements to expand investors’ rights and protect corporate interests.”[18] In negotiating “free trade” agreements and World Trade Organization policy, affluent nations – dominant in economic, political, and military power – have negotiated terms of trade and finance that dramatically favor their economies and disadvantage the economies of more impoverished nations or the impoverished majorities of those nations. The “free trade” regime is known also as “trade liberalization,” “neo-liberalism,” “open markets,” and “corporate-driven globalization.”

The worldwide movement against neo-liberal globalization is at its core a movement against the “free” trade agenda unleashed in the mid to late 1970’s. Countless numbers of its victims and opponents consider it a form of "war against the poor." Journalist Naomi Klein in a 2003 article in *The Nation* writes, "Free trade is war because privatization and deregulation kill—by pushing up prices on necessities like water and medicines and pushing down prices on raw commodities like coffee, making small farms unsustainable. War because those who resist and 'refuse to disappear,' as the Zapatistas say, are routinely arrested, beaten and even killed. War because when this kind of low-intensity repression fails to clear the path to corporate liberation, the real wars begin.…"[19]

The External Debt of Highly Impoverished Nations

A third element of neo-liberal globalization is the "debt" repayment by many impoverished nations who were driven into high financial debt to affluent nations, commercial banks located in them, and global finance institutions (most notably the World Bank and the International Monetary Foundation). The "debt" entails millions of dollars in principle and interest transferred yearly from the Global South to the Global North. It is known by the millions of people worldwide who have campaigned for its abolishment or reduction as "illegitimate" debt because of the way in which it was incurred.

In the 1960s and 1970s, many banks in affluent nations, having large amounts of money to lend, hastened to lend to poorer countries. Governments of affluent nations did the same, partially in exchange for support in the cold war. These loans were made regardless of the fact that some recipient countries were governed by illegitimate, corrupt, or oppressive regimes that quickly pocketed or wasted the money. While some of the loans were given and used for legitimate projects, others were not, and all came with conditions established by lenders that benefited them but did not serve the people well. These conditions reflected the "free" market or "free" trade agenda. They required recipient countries to privatize nationally owned resources and industries, open markets to foreign imports, and remove price controls or state subsidies on food and other essentials. Many loans encouraged large dams or other development projects that ultimately served a few elite and the lenders who also financed the projects, but not the vast majority of the people.

The oil crisis of the late 1970s and 1980s sent interest rates soaring and with them the debts "owed." Beginning in the 1980s and continuing until today, prices of many commodities produced by poorer countries (such as coffee, cotton or cocoa) have fallen, at times dramatically. Funds available for debt repayment diminished as drastically as the amounts owed ballooned. As a result, the heavily indebted impoverished nations were trapped into repaying far more than they had borrowed, even after the borrowing regimes had left. The lending banks and economies of lending nations were enriched by those very payments.

Additional loans from the World Bank were given on conditions established and enforced by the Bank and the International Monetary fund. As of 1986, these conditions were known as Structural Adjustment Programmes (SAPs). (Note the irony that this occurred exactly 100 years after corporations in the United States achieved the legal rights of citizens.) SAP conditions included the building blocks of neo-liberalism: shifting agriculture from subsistence to export, opening markets to foreign imports, reducing or capping funding for education and health care, curtailing subsidies on food staples, privatizing resources previously publically owned, prioritizing debt repayment over other expenditures, opening economies to foreign competition including opening the doors to transnational corporations, and devaluing national currencies relative to the dollar.[20] As noted by the World Health Organization (WHO), these "policies reflect the neo-liberal ideology that drives globalization."[21] The WHO goes on to say:

> One important criticism of SAPs, which emerged shortly after they were first adopted and has continued since, concerns their impact on the social sector. In health, SAPs affect both the supply of health services (by insisting on cuts in health spending) and the demand for health services (by reducing household income, thus leaving people with less money for health). Studies have shown that SAPs policies have slowed down improvements in, or worsened, the health status of people in countries implementing them. The results reported include worse nutritional status of children, increased incidence of infectious diseases, and higher infant and maternal mortality rates.[22]

These conditions were forced on recipient countries regardless of their devastating impact and despite vehement repeated protests by the people who would suffer from them. In Brazil, when SAPs forced devaluation of the currency, the price of beans went up by 769%. Imagine the impact on already impoverished people.[23] The United Nations Human Development Report holds the debt responsible for millions of avoidable deaths of children per year. Naomi Klein, describes the impact of privatization:

> "On Monday, seven anti-privatization activists were arrested in Soweto for blocking the installation of prepaid water meters... The new gadgets work like pay-as-you-go cell phones, only instead of having a dead phone when you run out of money, you have dead people, sickened by drinking cholera-infested water... At trade summits, debates about privatization can seem wonkish and abstract. On the ground, they are as clear and urgent as the right to survive."[24]

It is one thing if millions of people have suffered and continue to suffer as a result of these dynamics. It is quite another, from a moral perspective, if we are benefitting from it. The point here is the relationship between these people and us – citizens of the U.S. who are also among the worlds "over-consumer" class. The debt repayments of the Global South went into the economies of the Global North and continue to do so. "The amounts paid out for amortization and interest exceed structurally the amounts coming in via foreign direct investment and aid. During the 1960s, for every dollar that flowed from the North to the South, three dollars came back to the North. By the late 1990s, after 30 years of financial market deregulation, seven dollars went North for every dollar going South."[25] Wrote President Benjamin William Mkapa of Tanzania on his country's debt: "*I found that we had... an external debt of about £6 billion, and that if we were to apportion this debt to every man, woman and child, each one of them would be indebted to the magnitude of their total incomes for 2½ years.* And, if we were to spend all our foreign exchange earnings to repay this debt it would still take us over 12 years to do so….*I also found that Tanzania was spending more on debt service than it was spending on health and education combined*….. Under these circumstances it was obviously impossible to attain the goal of eradicating poverty and accelerating the development process….eventually, we had to ask: Shall we let our children die of curable or preventable illnesses; prevent them from going to school; let people drink polluted water – just to pay off this debt? For this is indeed what was happening."[26] "Poor countries around the world are crippled by the debts they have to pay to rich countries; the impact on women and girls is particularly brutal. These debts worsen poverty by forcing poor countries to give money to the rich, even though many of the debts are of dubious origin – so-called 'illegitimate debts.'"[27]

Not only debt repayments but also conditions imposed by the SAPs create wealth for our economy. Markets of the debtor nations were flung open to our food products and other goods (in some cases destroying national industries such as the Mexico's corn industry). Precious water resources were privatized, purchased for profit by Northern corporations, and priced out of range for the local people. Seed companies such as Monsanto and Cargill were given free reign to replace the seed supplies in India, the Philippines, and elsewhere with their own seeds, genetically modified to produce only with chemical inputs supplied also by the company itself. These illustrations of wealth transferred from poorer to wealthier nations will appear in the stories narrated throughout this book. Watch for them. But watch also for the "stories revisited." They depict how we might, in the living of our everyday lives, transform these relations of injustice into quite the opposite.

The words of Methodist Bishop Bernardo Mandlate of Mozambique that were recorded in chapter two ring forth here. Introducing himself as "a debt warrior," he named the debt as a primary cause of hunger in Africa and declared that "the debt is covered with the blood of African children."[28] The bishop is referring to the further enrichment of already wealthy nations by the millions of dollars that flow into their economies as debt repayments form impoverished countries.

Religious networks on all continents have organized for cancellation – or at least vast reduction – of the debt for Highly Indebted Poor Countries (HIPC). This campaign, known around the world as the Jubilee Campaign is an example of concerned citizens making an enormous difference. It has produced growing recognition of the debt as "illegitimate debt," and the debts of many countries have been reduced or cancelled. One lender nation, Norway, unconditionally cancelled the debt of five HIPC countries, based on the idea of lenders' co-responsibility. "When countries do get debts cancelled, the impact is very positive. Those poor countries that are paying less to the rich world, are spending more on the needs of their own people….However, many countries still have severe and unjust debt burdens."[29] The campaign continues through countless organizations, many of them religious. One, the Lutheran World Federation (LWF), held a "Public Hearing on Illegitimate Debt" at its Eleventh World Assembly in Stuttgart, Germany in July of 2010. The paper presented by the LWF Advocacy Programme on Illegitimate Debt declared: "For over three decades this external debt servicing has forced millions of people into poverty by reducing their access to food and opportunity….Hunger, social justice, and lack of opportunity are all related to debt….The illegitimate debt remains a major obstacle to the eradication of poverty and the achievement of fundamental human rights for all people."[30] "Debt repayments have crippled efforts at poverty reduction and prevented millions from having health care, education, and food."[31]

Neo-Liberal Global Economy in Sum

The "free trade" agenda, financialization of the global economy, and the illegitimate debt of highly impoverished nations are clearly intertwined. Together they shape the neo-liberal global economic order that accumulates tremendous wealth for a few, widens the gap between them and those who are impoverished by that economic order, and heedlessly wreaks environmental devastation. The United Nations' "World Economic Situation and Prospects 2011" sums it up: "Developing countries as a group continued to transfer vast amounts of financial resources to developed countries. In 2010, net transfers amounted to an estimated $557 billion—a slight increase from the level registered in the previous year."[32]

These three structures – financialization, the debt of impoverished nations, and "free" trade – do not comprise the currently reigning global economic architecture without a fourth: the demand for cheap oil and the militarization required to meet that demand. The links between neo-liberalism and militarization are ominous.[33] Here is not the time, however, to pursue that point.

Neo-liberalism's influence on culture in the United States is pervasive. It has shaped commonplace assumptions, values, and ways of understanding the world. It has, that is, infiltrated the dominant worldview in our society. The moral significance of worldview is featured in Chapter Five. For now, suffice it to note, the power of worldview – partially conscious and partially not – in determining people's assumptions about what is morally acceptable and what kind of future is possible, and in shaping behavior and public policy. Worldview has moral implications on yet another level; it legitimates "the way things are," including reigning power arrangements.

Proponents of the neo-liberal global economy argue that its overall impact has been to better the lives of all except those "left out" of it.[34] Elsewhere I have unraveled this argument in detailed fashion to reveal its inherent fallacies, and have analyzed its disastrous human and environmental costs.[35] Here suffice it to say that, while this model of global economy has lifted many people out of poverty and has produced extraordinary wealth for a few, it has done so at horrendous human and ecological costs. It has cast huge populations of subsistence level farmers, fisherpeople, and other economically vulnerable people more deeply into poverty, exacerbating the gap between the world's affluent and the world's impoverished people.[36] Unless this "economic architecture" changes, it will "further increase global economic inequality and perpetuate or even aggravate the horrendous conditions among the poorest quartile [of humankind]."[37]

A significant development in the last two decades is the extent to which neo-liberalism is criticized. Neo-liberal policy and theory have been staunchly and vehemently opposed by its victims and their advocates since the first major implementation of it in Chile in 1973.[38] The global movement against globalization is essentially a movement against neo-liberalism. Today, however, and especially since the East Asian financial decimation of 1997-8, various aspects of neo-liberalism are increasingly called into question by mainstream economists.[39] In particular they fault financialization, described above, for its tremendously destabilizing impact on economies.[40] The global economic crisis of 2007 has, of course, strengthened that criticism. Nevertheless, many of the policies and worldview that maintain this form of global economy march on in full force.

A Link: 500 Year History of Colonialism

The reigning global economic order is not the sole connecting link between our wealth and the poverty of many. A 500 year history of colonialism is equally significant. It is most intimate but ignored on the very ground on which we walk. European Americans' homes and lives are built on the genocide of the continent's first peoples. Their poverty today is a direct consequence of our very recent forbearers' actions.

The colonial legacy includes the historical trajectory of U.S. support for repressive regimes and toppling of governments not favorable to U.S. corporate interests. Both contributed massively to poverty in Central and South American countries. And it includes the colonial exploits of Great Britain and other European nations.[41] Thomas Pogge of Yale University says it well. "…we are not bystanders who find ourselves confronted with foreign deprivations whose origins are wholly unconnected to ourselves." Identifying one of three "morally significant connection[s] between us and the global poor," he writes, "their social starting positions and ours have emerged from a single historical process that was pervaded by massive grievous wrongs. The same historical injustices, including genocide, colonialism, and slavery, play a role in explaining both their poverty and our affluence."[42]

The examples of course are unlimited. To illustrate, we consider one: famine. We generally think of famine as a result of natural disasters, especially drought, and insufficient food supply. Much evidence, however, suggests otherwise; famine has often been a consequence of colonial policy, later international trade arrangements growing out of colonial power arrangements, and ostensibly "free" market action. Nobel prize winning economist, Amartya Sen, demonstrates that hunger is tied not to food supply but to food ownership and entitlement to food. Hunger, even massive famine, occurs in the midst of plentiful food supplies. The problem is that a society's entitlement system – for many people established by colonial forces – does not allow some people access to the food. "[S]tarvation statements," he writes, "translate readily into statements of ownership of food."[43] "Starvation…is a function of entitlements and not of food availability as such… To say that starvation depends 'not merely' on food supply but also on its 'distribution' would be correct enough, though not remarkable helpful. The important question then would be: what determines distribution of food between different sections of the community?"[44]

Famines can rage while food is exported. Such was the case, Sen argues, in Bangladesh in 1974, the Irish famines of the 1840s, India, and China.[45] "[F]ood being exported from famine-stricken areas may be a 'natural' characteristic of the market which respects entitlement rather than needs."[46] "In the fight for market control of food, one group can suffer precisely from another group's prosperity….The law stands between food availability and food entitlement. Starvation can reflect legality with a vengeance."[47]

Mike Davis in his book, *Late Victorian Holocausts*, demonstrates that the global economic system, in particular the "free market," forced upon India, China, and elsewhere by Britain, resulted in the massive famines in the mid-1870s and late 1880s.[48] Davis' findings respond to his central question: Why had widespread hunger disappeared in western Europe in the nineteenth century while it raged in many parts of the world now considered the global South, Third World, or Two-thirds world? He documents fastidiously the processes by which small farmers were forced mover from subsistence agriculture to cash crops for export, and trade laws favoring Britain were established. In short, the land, labor, and resources of the colonies disappeared into the coffers of wealthy Europeans.

The links between colonialism, contemporary global economy, and poverty became very real to me during a period of teaching and learning in India in 2010. I was privileged to attend a small gathering of about twenty leaders of "forest dwelling communities in India." They were strategizing to use legislative and legal means to limit the ongoing usurpation of forest lands by corporations, both Indian and foreign. The loss of the few remaining forestlands was leading to widespread dislocation to cities, urban poverty and the attendant dangers. Expulsion from their land and its use to generate wealth for foreign powers has been going on since it was legalized under colonial rule. Professor Laxman D. Satya explains how control of the forests was taken over by the British and commercialized. Forests and common lands have long provided means of survival for Indian people. Their loss killed millions of Indians.[49]

The story of wealth and life support resources siphoned from India by Britain is repeated in Africa, Latin America, and other parts of Asia and the Pacific at the hands of US and European powers. That historical story includes us. We inherit the wealth and the entitlement system. Moreover, the extraction continues. Many see neo-liberal globalization as a newer form of the global economy established by colonialism, a new means of shifting resources from the Global South to the Global North. Writes award-winning journalist Johann Hari, "The only change over the decades has been in which resources were snatched for Western consumption - rubber under the Belgians, diamonds under Mobutu, coltan and cassiterite today."[50]

What is the point of recounting the evils of colonialism in this project? Moral problems of society cannot be resolved without historicizing them. Only by understanding the historical roots of contemporary economic and ecological violence can we perceive paths of faithful response to that contemporary injustice. Secondly, I have claimed that our wealth and over-consumption are linked to the impoverishment of others. That claim requires this historical link. However, the significance is more and will appear in the book's final two chapters. In a word, this history highlights certain presuppositions about economic life that we do not normally "see." One is the "entitlement" system theorized by Amartya Sen. Hunger often is rooted not in food scarcity but in society's assumption that some groups are entitled to food while others are not. That may seem preposterous when viewing it at work in Indian famines. Yet it is equally at work here in our towns and cities. Society – governed by the market – has determined that I am entitled to the food in the grocery store because I have money. Others in my city are not. They have no right whatsoever to food except as handouts. In the US, 25% of our children are hungry because they are not "entitled" to the unprecedented bounty of food within blocks of their homes, or that they pass by on the way to school or see in other children's lunches. The market determines that I can have food sufficient for a healthy body, while they cannot.

A Link: Ecological Imperialism

The third link between wealth and impoverishment is ecological imperialism in the forms of climate injustice, environmental racism, and mal-distribution of the Earth's natural goods. As noted earlier in this chapter, climate change and environmental racism have become and will grow as powerful factors deepening the impoverishment of already vulnerable people and peoples. They extend the unequal access to natural goods imposed globally by colonialism. "[The global poor] and we depend on a single natural resource base, from the benefits of which they are largely and without compensation, excluded. The affluent countries and the elites of the developing world divide these resources …without leaving 'enough and as good' for the remaining majority of humankind."[51]

To this historically existing mal-distribution has been added the corporate practice – noted elsewhere in this book – of transferring ecologically dangerous production plants to countries of the Global South in order to avoid environmental regulations. This complements out-sourcing to countries with weak labor regulations, low wages, and corporate tax breaks. "Pollution havens" have joined tax havens.[52] If maximizing profit is the primary goal of corporate activity, then moving plants to where costs of production are cheaper is "necessary" and "good." The ensuing environmental devastation to the workers and to the people whose water and food are poisoned and homes and farmlands taken do not count. Yet the corporate profits are applauded on Wall Street.

Climate injustice is the most recent form of ecological imperialism. With greenhouse gas emissions, notes ethicist Michael Northcott, "the rich are using the atmosphere of the poor to absorb their waste carbon."[53] The people and nations suffering most from climate change, currently and in future decades, are among those who have contributed least to it. Their lands are most at risk of being submerged or rendered unsuitable for human habitation by rising sea levels and drought; they are the most dependent upon subsistent level agriculture easily undermined by climate change; and they have far fewer resources for adapting to the damages of climate change, be those damages immediate disasters or long-term.

In an eloquent plea to the world community, Mohammed Nasheed, President of The Maldives, implored: "Please ladies and gentlemen, we did not do any of these things [lead high carbon-emission lifestyles], but if business goes on as usual, we will not live. We will die. Our country will not exist."[54] William Rees and Laura Westra make the case that excessive consumption translates into "violence" against those who suffer most from climate change. "Not acting to reduce or prevent eco-injustice," they write, "would convert erstwhile blameless consumer choices into acts of aggression." "Over-consuming nations (and individual over-consumers) must come to terms with the fact that the ancient concept of gluttony-as-deadly-sin has acquired new modern meaning."[55]

As noted earlier some activists of the Global South refer to this imbalance between those who are suffering and dying from climate change and those contributing most to it as "ecological debt" or "environmental debt." Do we owe an "ecological debt?" To this question we return in Chapter Eight.

The United States cannot adequately reduce its "carbon footprint" without curtailing its military operations. The over 800 U.S. military bases round the world together with unceasing warfare on multiple fronts burn unimaginable quantities of fossil fuels. Ann Herpel explores the impact of the American military and military activities on the environment. Creating and maintaining the “House of War,”—the macro scope of military activities—requires, she write, an “energy-intensive, chemical-laden, industrial process” including “mining, petroleum, large-scale construction projects like bases, ports, runways, depots, manufacturing centers, live-fire training sites, maintenance facilities, unimpeded air space, nuclear fuel, highly enriched uranium, weapons manufacturing industries and disposal sites for conventional and nuclear weapons and related defense refuse.”[56] The military’s environmental “space” usage includes the “uninhibited use of fossil fuels, massive creation of greenhouse gases, and extensive release of radioactive and chemical contaminants into the air, water, and soil”[57] with estimated annual greenhouse gas emissions per year of 172,000,000 metric tons.[58] U.S military activity exacerbates our climate imperialism. Ecological imperialism has joined the neo-liberal global economy and colonialism as a defining link between our relative wealth and the death-dealing impoverishment of many.

In Closing

We have identified three ways in which “our” relative affluence is linked to the impoverishment of many people. Those connections are: 1) the 500 year legacy of colonialism, 2) the current form of economic globalization, and 3) ecological injustice. Identifying these links can bear the fruit of change toward justice only if we recognize that they are produced and maintained by human policies and practices. They are, therefore, subject to human agency. Two of the connectors – the neo-liberal global economy and ecological injustice – are currently operative. Constructed by human beings, they may be deconstructed. *Said differently, they are not inevitable. This is the crucial and life-saving point.*

NOTES

[1] Ronald Reagan, following the lead of Paul Volcker, head of the U.S. Federal Reserve as of 1979, and Margaret Thatcher, elected in that year “both plucked from the shadows of relative obscurity a particular doctrine that went under the name of ‘neoliberalism’ and transformed it into the central guiding principle of economic thought and management.” Harvey, *A Brief History of Neoliberalism,* (Oxford: Oxford University Press, 2005), 2.
Ronald Reagan, following the lead of Paul Volcker who was head of the U.S. Federal Reserve as of 1979, and that of Margaret Thatcher, elected in that same year “both plucked from the shadows of relative obscurity a particular doctrine that went under the name of ‘neoliberalism’ and transformed it into the central guiding principle of economic thought and management.” David Harvey, *A Brief History of Neoliberalism,* (Oxford University Press, 2005) 2.

[2] Cynthia Moe-Lobeda, *Healing a Broken World: Globalization and God,* (Minneapolis: Fortress Press, 2002).

[3] For an excellent account of neoliberalism, its development, and its impacts see David Harvey, *A Brief History of Neoliberlism* (Oxford: Oxford University Press, 2005). See Rene Kruger, ed. *Life in All Fullness: Latin American Protestant Churches Facing Neoliberal Globalization* (Buenos Aires: Instituto Universitario ISEDET, Lutheran World Federation, and Alliance of Presbyterian and Reformed Churches of Latin Amerrica, 2007) for a well-documented account of the impact that neoliberal globalization has had on many Latin American people, and of response by Protestant churches.

[4] Tayyab Mahmud, in “Is it Greek or Déjà vu All over Again: Neoliberalism and Winners and Losers of International Debt Crisis,” *Loyola University Chicago Law Journal* 42:4 (summer 2011), 629-712 argues convincingly that neoliberalism has entailed more “re-regulation” in favor of financial institutions than “deregulation.”

[5] "A defining feature of globalization epoch is the rise of transnational capital.…[T]he material and the political obstacles to freely moving…capital around the world have decreased dramatically." Willliam Robinson, *A Theory of Global Capitalism* (Baltimore and London: Johns Hopkins University, 2004), 9.
[6] Medart Gabel and Henry Bruner, *Global Inc.* (New York: The New Press, 2003), 2. Uses data collected from The World Bank's *World Development Report 2001* (for country GDP) and from "The World's Largest Corporations: Fortune 2000 Global 500," *Fortune* (July 23, 2001), F1-F10 (for corporate revenue).
[7] David Felix speaks of the "veto power of finance capital over national economic policies, unleashed by the liberalizing and globalizing of financial markets." David Felix in Gerald Epstein, ed., *Financialization and the World Economy* (Cheltenham, UK: Edward Elgar Publishing, 2005), 384. See also A. Clair Cutler, *Private Power and Global Authority: Transitional Merchant Law in the Global Political Economy* (Cambridge: Cambridge University Press, 2003).
[8] See Gerard Dumenil and Dominique Levy, Costs and Benefits of Neoliberalism: A Class Analysis, in Gerald Epstein, ed. *Financialization and the World Economy* (Cheltenham, UK: Edward Elgar Publishing, 2005), 17-45; and James Crotty, "The Neo-Liberal Paradox: The Impact of Destructive Product Market Competition and 'Modern' Financial Markets on Nonfinancial Corporation Performance in the Neoliberal Era," in Gerald Epstein, ed., *Financialization and the World Economy*,77-110. By "non-financial services corporations," I mean corporations whose primary business is not within the finance industry (the industry dealing with trade in money and management of money: banks, brokerage firms, credit unions, insurance and mortgage companies, credit card companies, consumer finance companies, etc.

[9] Gerald Epstein, "Introduction: Financialization and the World Economy," in Gerald Epstein, ed. *Financialization and the World Economy*,3.
[10] See Epstein, *Financialization and the World Economy*, 3 for a review of the term's varied connotations. .
[11] L. Randall Wray, in "Monetary Theory and Policy for the Twenty-first century, in Charles Whalen, ed. *Political Economy for the 21st Century* (New York and London: M.E. Sharpe, 1996), 139 reports that "…by the early 1990's many observers believed that fully 90% of international financial flows had nothing to do with the circulation of *goods;* that is, these flows represent speculative and hedging behavior as agents attempt to take advantage of, or protect themselves from , exchange rate movements."
[12] A. Claire Cutler, *Private Power and Global Authority* (Cambridge: Cambridge University Press, 2003), 1-2.
[13] Joseph Stieglitz, *Free Fall: America, Free Markets, and the Sinking of the World Economy* (New York and London: W.W. Norton, 2010), 200.
[14] Describing the impact of financialization of the global economy since the early 1980's Gerard Dumenil and Dominique Levy write: "…a particular class and a sector of the economy (that we globally denote as finance) benefitted…in amazing proportions…the rising wealth of the wealthiest fraction is easily documented." Demenil and Levy, 18. See also Epstein and Jayadev in Gerald Epstein, ed., *Financialization and the World Economy*, 46-74 for expose of the extent to which financial institutions and owners of financial assets have "increased their shares of national income in a variety of OECD countries" in the last three decades.
[15] James Crotty, "The Neo-Liberal Paradox: The Impact of Destructive Product Market Competition and 'Modern' Financial Markets on Nonfinancial Corporation Performance in the Neoliberal Era," in Gerald Epstein, ed., *Financialization and the World Economy* ,77-110.
[16] Berkshire Hathaway annual report for 2002. See www.berkshirehathaway.com.
[17] Mahmud, *Greek,* 669.
[18] Robin Broad, *Global Backlash: Citizen Agreements for a Just Global Economy,* (New York: Rowman and Littlefield, 2002), 17.
[19] Naomi Klein, "Free Trade is War," *The Nation* 277:9, 2003.
[20] For excellent illustration of the impact of the debt and SAP's on one country, Jamaica, see the film by Stephanie Black, "Life and Debt," 2001.
[21] World health Organization at: http://www.who.int/trade/glossary/story084/en/index.html.
[22]http://www.who.int/trade/glossary/story084/en/index.html
[23] Upali Cooray, "The International Debt Crisis," in *Debt Crisis and People's Struggle* (Hong Kong: Documentation for Action Groups in Asia, 1987), 91, cited in George Zachariah, Alter*native Unincorporated: Earth Ethics from the Grassroots* (London: Equinox, 2011), 31.
[24] Naomi Klein, "Free Trade is War," She continues with another example of privitization's consequences for economically poor people: "On the same day South Africa's 'water warriors' were locked up, Argentina's

negotiations with the International Monetary Fund bogged down. The sticking point was rate hikes for privatized utility companies. In a country where 50 percent of the population is living in poverty, the IMF is demanding that multinational water and electricity companies be allowed to increase their rates by a staggering 30 percent."

[25] World Council of Churches, "AGAPE: Alternative Globalization Addressing People and Earth" (Geneva: WCC, 2005), 29.

[26] The address of President Benjamin William Mkapa of Tanzania to Jubilee Debt Campaign's annual conference in February 2005. See http://www.jubileedebtcampaign.org.uk/voices of southern activists.

[27] "Women and Debt," (London: Action Aid, Oxfam, Jubilee Campaign, and Womankind Worldwide). Available at: http://www.actionaid.org.uk/doc_lib/debt_and_women.pdf.

[28] Bernardino Mandlate, in presentation to the United Nations PrepCom for the World Summit on Social Development Plus Ten, New York, February, 1999.

[29] "Women and Debt," (London: Action Aid, Oxfam, Jubilee Campaign, and Womankind Worldwide). Available at: http://www.actionaid.org.uk/doc_lib/debt_and_women.pdf.

[30] Lutheran World Federation – XI Assembly, Stuttgart, Germany, 20-27 July, 2010, "Public Statement: Illegitimate Debt and International Financial Crisis."

[31] "World Economic Situation and Prospects 2011," United Nations. Available at: http://www.un.org/esa/policy/wess/wesp.html.

[32] "World Economic Situation and Prospects 2011," United Nations. Available at: http://www.un.org/esa/policy/wess/wesp.html.

[33] To illustrate those links: [O]n 19 September 2003, . . . Paul Bremer, head of the Coalition Provisional Authority, promulgated four orders that included "the full privatization of public enterprises, full ownership rights by foreign firms of Iraqi businesses, full repatriation of foreign profits ... the opening of Iraq's banks to foreign control, national treatment for foreign companies and ... the elimination of nearly all trade barriers." M.D. Litonjua, "Third World/Global South: From Development to Globalization to Imperial Project," *Journal of Third World Studies* (Spring 2010). The article continues: "Before the handover [to the interim government at the end of June 2004], Bremer multiplied the number of laws to specify freemarket and free-trade rules in minute detail (on detailed matters such as copyright laws and intellectual property rights), expressing the hope that these institutional arrangements would "take on a life and momentum of their own such that they would prove very difficult to reverse."

[34] For strong carefully constructed arguments in favor of this model of globalization see Martin Wolf, *Why Globalization Works* (New Haven: Yale University Press, 2004); OECD, *Open Markets Matter: The Benefits of Trade and Investment Liberalisation*, Policy Brief, October 1999; and Gary Burtless, Robert Lawrence, Robert Litan, and Robert Shapiro, *Globaphobia: Confronting Fears about Open Trade* (Washington D.C.: Brookings Institution and Twentieth Century 1998). There are in fact divergent versions of the free market / free trade stance. For distinction between three versions, see Robin Broad, *Global Backlash: Citizen Agreements for a Just Global Economy*, (New York: Rowman and Littlefield, 2002) 15-16 and 23-33.

[35] For the unraveling of the argument, see Daniel Spencer and Cynthia Moe-Lobeda, "Economic Justice, Ecological Degradation, and Militarization in the Global Economy: Moral and Theological Responses," *Journal of Political Theology* 10: 4 (2009): 685-716. For that and analysis of the disastrous impacts of "free" trade and investment see Moe-Lobeda, *Healing a Broken World*, chaps 1, 2, and 3.

[36] A report released in 2001 by the Center for Economic and Policy Research analyzed data from the IMF and the World Bank covering 1980 – 2000 (the first two decades of neo-liberalism) and comparing that period with the previous 20 years (1960-1980). The report concluded that the 1980 – 2000 period saw an increase in income inequality within and between nations increased. This conclusion is ironic in light of the IMF and World Bank's support for neo-liberal globalization and its "free" trade agenda.
The report examined major economic and social indicators "for all countries for which data are available." These indicators include: the growth of income per person, life expectancy, mortality among infants, children, and adults, literacy, and education. For economic growth and almost all of the other indicators "the middle and poorer performing groups [of countries] saw less rapid progress in the period of globalization than in the prior two decades. For each indicator, countries were divided into five roughly equal groups, according to what level the countries had achieved by the start of the period (1960 or 1980). See Mark Weisbrot, Dean Baker, Egor Kraev, and Judy Chen, "The Scorecard on Globalization 1980-2000:Twenty Years of Diminished Progress" Center for Economic and Policy Research (CEPR): 2001.

[37] Thomas Pogge, Priorities of Global Justice, in *Metaphilosophy* (Jan 2001) 32:1/2, 13.

[38] The Chilean economy under the Pinochet dictatorship was reconstructed with the help of a group of economists

referred to as "the Chicago boys" because they were deeply influenced by the University of Chicago's Milton Friedman. They were theorists and proponents of neo-liberalism. Chile was a testing site for it. (The dictatorship was established in 1973 by military overthrow of the democratically elected Salvador Allende. The coup was backed by the CIA; Henry Kissinger then U.S. Secretary of State, and many U.S corporations.) The dictatorship and its neo-liberal economy were maintained only through intense and brutal repression.

[39] William Robinson in *A Theory of Global Capitalism* (Baltimore: Johns Hopkins University Press, 2004), chap 4 discusses some of the contradictions in neo-liberalism that give rise to the critique.

[40] See, for instance, many of the authors in Gerald Epstein, Gerald, *Financialization and the World Economy* (United Kingdom: Edward Elgar Publishing Limited, 2005). Theirs is primarily a critique of financialization, not of the other aspects of neo-liberalism.

[41] Mike Davis asserts that imperial power's policies in India were so significant a causal factor in the late 19th century famines that killed 12 – 29 million Indian people, that those policies and their impact were the equivalent of Hirshima and Nagasaki together. Mike Davis, *Late Victorian Holocausts* (London and New York: Verso, 2001).

[42] Pogge, "Priorities of Global Justice," 14-15.

[43] Amartya Sen, *Poverty and Famines* (Oxford University Press, 1981), 1.

[44] Ibid., 7.

[45] Ibid., 162.

[46] Ibid.

[47] Ibid., 165-6.

[48] Davis, *Late Victorian Holocausts*.

[49] Laxman D. Satya. "British Empire, Ecology and Famines in Late 19th Century Central India," *ICFAI Journal of History and Culture* 1:2 (July 2007), 35-46.

[50] Johann Hari, "Congo's Tragedy: the war the world forgot," *The Independet*, June 17 2012.

[51] Pogge, "Priorities of Global Justice," 15.

[52] "Pollution haven" according to Matthew Clarke and Philip Lawn refers to "any instance involving the relocation of capital induced by cost savings arising from disparate regulations between countries." Matthew Clarke, "The end of economic growth? A contracting threshold hypothesis," *Ecological Economics* 69 (2010), 2219.

[53] Michael S. Northcott, *A Moral Climate: The Ethics of Global Warming* (Maryknoll: Orbis Books, 2007), 84.

[54] At the UN Summit on Climate Change, Copenhagen, Sept 22, 2009.

[55] William Rees and Laura Westra, When Consumption Does Violence," in Julian Agyeman, Robert D. Bullard and Bob Evans, eds., *Just Sustainabilities: Development in an Unequal World* (Cambridge: MIT Press, 2003), 116.

[56] Ann Herpel, "The Ecology of Command: U.S. Pacific Command and the Environment of the Pacific Rim," *Journal of Political Theology* 10: 4 (2009), 663.

[57] http://griid.org/2011/06/06/us-department-of-defense-is-the-worst-polluter-on-the-planet/

[58] http://www.environmentmagazine.org/Archives/Back%20Issues/July-August%202010/securing-foreign-oil-full.html