

Seesaw inequality



AMITAVA KAR

THE most common misconception about economic inequality is based on the pie fallacy: that the rich always get rich by taking money from the poor. No one can

claim that Mark Zuckerberg or Steve Jobs became rich by refusing to pay employees wages or festival bonus. People like Satya Nadella, Sundar Pichai or Hosain Rahman - CEOs of Microsoft, Google and Jawbone respectively - came by their wealth through excellence and hard work, rather than via force, fraud or inheritance.

Everyone is not Jobs and doesn't have to be. Even a basket maker in this country creates wealth without robbing others of the fruits of their industry. A trader, on the other hand, does not. He or she makes money only when someone on the other end of a trade loses money. If a basket maker makes 10 baskets and another makes one, the latter will have less money - but not because anyone took anything away from him.

And then there is the division of labour, considered to be a major force for economic growth. But it can foster inequality, as explained by David Schmidtz, joint Professor of Philosophy and Economics at University of Arizona in his essay *When Inequality Matters*: A pin maker contracts with a partner to make pins. He is an egalitarian and splits equally the profits. Eventually, he contracts with ten more partners and establishes a similarly egalitarian relationship with each. Now the pinmaker's income is ten times the income of the partners. Even if he starts taking less than an equal share, he ends up with a lot more than them.

Thus creating wealth without harming anyone can be a source of inequality. But it is morally and practically different and therefore harder to eradicate. One reason is that variation in productivity is accelerating exponentially.

Social safety nets encourage wealth creation which requires taking risks.

People need to be sure that they won't starve even if their ideas didn't materialise. Perhaps that's why countries like Sweden - high tax and low inequality - are highly innovative and home to many business start-ups.

It is important to tease apart these components if we want to fix economic inequality. The important issue, as Amartya Sen has insisted over many years, is not whether we are in favour of equality, but rather equality of what? He has argued that the aphorism "all men are created equal" serves largely to deflect attention from the fact that we differ in age, gender, talent, physical abilities as well as in material advantages and social background. Sen makes a convincing case for concentrating on higher and more basic values: individual capabilities and freedom to achieve objectives.

Similarly, economist Paul Krugman has identified three models of where extreme inequality might come from: differences in the productivity of individuals, luck - not just the luck of being the first to stumble on a highly profitable idea, but also the luck of being born to the right parents - and power.

Krugman suggests collecting some of that wealth in taxes and redistributing it to make society as a whole stronger, as long as it doesn't destroy the incentive to keep creating more wealth. It works. For example, the United States achieved its most rapid growth and technological progress ever during the 1950s and 60s, despite much higher top tax rates. And more recently, when President Obama pushed through a substantial rise in top tax rates, conservatives shouted disaster, just as they did when Bill Clinton raised taxes on the top 1 percent. Obama has

ended up presiding over the best job growth since the 1990s.

Unfortunately, redistribution remains a dirty word for many policymakers around the globe. But a book called *Capital in the Twenty-First Century* (2014) that has taken the world by storm may change that. Based on years of research, Thomas Piketty, a French economist derives a grand theory of capital and inequality. As a general rule, wealth grows faster than economic output, he explains. Other things being equal, faster economic growth will diminish the importance of wealth in a society, whereas slower growth will increase it. But there is no reason to think that capitalism will "naturally" reverse rising inequality, he believes. His recommendations? Governments step in now, by adopting a global tax on wealth, to prevent soaring

inequality contributing to economic or political instability down the road.

That's unlikely to happen any time soon in most countries. What can be done in the mean time? In *The End of Poverty* (2005), Columbia University Professor Jeffrey Sachs calculates that it would take an additional \$124 billion a year in aid to lift the 1.1 billion people living under the World Bank's poverty line. Given that the income of the 22 wealthy nations that make up the OECD's Development Assistance Committee is around \$20 trillion, that's a very modest contribution - only 60 cents for every \$100 earned.

124 billion dollars to end poverty? That's barely more than some countries spend on alcoholic beverages each year.

The writer is a member of the editorial team at *The Daily Star*.

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WARS IN THE MIDDLE EAST

Economics, not religion

RONNY NOOR

FORMER British Prime Minister Tony Blair, according to *The Times of India* (March 27, 2016), claimed during a *Sunday Times* interview that many millions of Muslims are "fundamentally incompatible with the modern world." He did not explain what he meant by "modern world," but most commentators believed that he meant industrially developed societies. This, however, is not the view held by most enlightened minds. The eminent Swiss psychiatrist and philosopher Carl Gustav Jung suggests that people do not become modern just because they own the latest technology. "He alone is modern," says Jung, "who is conscious of the present," and such a person is solitary. British novelist Iris Murdoch goes further in claiming that if the Western societies have to have a religion, it must be without a divine God, the God that Christianity promotes, because believing in such a God has become impossible in the scientific age. In other words, Christians are incompatible with the modern world. But Blair is neither a philosopher nor an intellectual. He is a politician. So his view is more mundane.

He is concerned with the violence

perpetrated by extremist groups like al-Qaeda, Taliban, Daesh and others in the name of Islam. But violence is also perpetrated in the name of other religions. Christian extremists, like The Lord's Resistance Army and Antibalaka, slaughter Muslims in Sudan, Nigeria, and Central African Republic. Hindu extremists, like the Bajrang Dal, RSS and others, murder Christians and Muslims, and bomb mosques and shrines in India. Buddhist extremists kill Muslims and burn their homes and mosques in Myanmar. Jewish extremists in Israel kill Christians and Muslims, and burn churches and homes. All these people are unfit for the modern world, according to Iris Murdoch, because they destroy life and property in the name of a divine God.

But Blair's radar catches none of them, except Muslims. He focuses on Muslims because he has a hidden agenda, an agenda that has been exposed by John Perkins, who correctly says that the wars in the Middle East are about "economics, not religion." In his best-selling book, *Confessions of an Economic Hit Man*, Perkins reveals that he was hired by the US National Security Agency (NSA) in 1971 and put on the payroll of an international consulting firm, Chas. T. Main, as an economist. In the name of alleviating pov-

erty in countries from Indonesia to Panama, he advanced the interests of the US corporatocracy, made up of international banks, major corporations, and the government. He was, in his own words, an economic hitman, who quit his job in 1980 to work for peace. Writing from personal experience and citing scholars, he reveals how the US, in order to avoid another oil embargo like the one the Saudis had imposed against it during the 1973 Arab-Israeli war, set up the United States-Saudi Arabian Joint Economic Commission (JECOR) in 1974, signing an agreement for American firms to 'build' the Arab Kingdom. To that purpose, Saudi Arabia delivered hundreds of millions of dollars of its oil money to the US Treasury, which held it until the time came to pay American vendors and employees. "This system assured that the Saudi money would be recycled back into the American economy."

Perkins asserts that the US economic hitmen desired such a deal with Iraq's Saddam Hussein. But they failed to convince the dictator. When they fail, Perkins says, more sinister creatures called 'jackals' step in. "And if by chance the jackals fail, as they failed in Afghanistan and Iraq... young Americans are sent to kill and to die." That's how Saddam lost his power and

his life on the false accusation of possessing weapons of mass destruction. Getting that obstinate dictator out of the way, the US has built a military base, that they termed an embassy, in Baghdad on 104 acres of land - the largest 'embassy' in the world, employing almost 15,000 people and thousands of mercenaries from Europe, Asia, and Africa, to secure the supply of oil. The case of Libya's strongman Muammar Gaddafi is not much different. According to the recently disclosed emails of former US Secretary of State Hillary Clinton, as the *Foreign Policy Journal* reports, Gaddafi wanted to create a gold-backed currency to compete with the euro and the US dollar. But Clinton falsely claimed that he was planning genocidal attacks against his domestic opponents. So NATO intervened and threw him out, turning Libya into a haven for extremists like the Islamic State, just like Iraq.

So it is not religion but the West's desire for dominance for economic exploitation that is behind the wars in Afghanistan, Iraq, Syria, and Libya. If religion was the cause, then the US would not give Saudi Arabia special treatment, turning a "blind eye to many Saudi activities, including the financing of fanatical groups," as Perkins says. In fact, as Perkins writes, the US "actively

sought and received Saudi Arabian financial support for Osama bin Laden's Afghan war against the Soviet Union." In other words, the US used Saudi money and its jihadi extremists to achieve its goal. That is why, although 15 of the 19 hijackers involved in 9/11 were Saudi citizens, the US did not attack Saudi Arabia but Iraq, a country whose citizens played no role in the terrorist attack.

Tony Blair is desperately trying to minimise his culpability in the illegal US invasion of Iraq that he supported in 2003. He and former US President George W. Bush were already indicted in 2011 by the Kuala Lumpur War Crimes Tribunal for committing crimes against humanity during that invasion. A German human rights group, The European Centre for Constitutional and Human Rights, has filed criminal complaints against the Bush administration for its barbaric torture programme. Blair is culpable in that, too. Hence, he resorts to prevarication like a typical politician, talking about the need for Muslim countries to make a "painful transition to modernity." But thanks to John Perkins, he has lost all credibility.

The writer is an English professor and educator at the University of Texas Rio Grande Valley, USA.

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QUOTABLE Quote

JAMES JOYCE, ULYSSES

The supreme question about a work of art is out of how deep a life does it spring.

CROSSWORD BY THOMAS JOSEPH

ACROSS

- 1 Niger neighbor
- 5 Teller of tales
- 9 Jalopy
- 10 Took a part
- 12 Babbled
- 13 Not wordy
- 14 Football spiking spot
- 16 Suffer
- 17 Diner dessert
- 18 From Istanbul
- 20 Had a gabfest
- 22 Con
- 23 Poet Guest
- 25 Ann's twin
- 28 Bays
- 32 Eighth avatar of Vishnu
- 34 Put down
- 35 Convoy unit
- 36 Bearnaise sauce ingredient
- 38 Bush's successor
- 40 Indian coin
- 41 Neighbor of Tibet
- 42 Church replies

DOWN

- 1 Brain protectors
- 2 "Water Music" composer
- 3 Full range
- 4 Signified
- 5 After a while
- 6 Sculpting medium
- 7 Transport for Ellington
- 8 Oppose
- 9 Moved stealthily
- 11 Old capital of India
- 15 Giving gentle reminders
- 19 Automaker Benz
- 21 Florida extension
- 24 Rues, for sure
- 25 Ohio city
- 26 Greased the palm of
- 27 Galoot
- 29 Weds in secret
- 30 Natural gift
- 31 Comic Wanda
- 33 Makes sound
- 37 Arizona city
- 39 Fellow

YESTERDAY'S ANSWER

SEEK BEEP
TRAIL AWAIT
AORTA SERGE
BIT WHISTLE
SCHEMES HEM
ASKEW SSTS
TEN SEC
BAAS STAID
ART RAISEUP
BAITING NCR
ABOUT MACRES
RINSE AREST
ASKS ESSE

Mort Walker's beetle bailey

WOW! LOOK AT THAT RAIN!

BACK TO BED! WE CAN'T DO ANYTHING IN THIS RAIN!

LET'S GO, MEN! IT'S TIME FOR OUR HIKE!

WE CAN'T HIKE IN THIS RAIN!

LOOK! WHEN I SAY WE'RE GOING TO HIKE, WE HIKE!!

BOY! HE REALLY INSISTS ON GETTING HIS OWN WAY

EVEN WHEN HE'S DEAD WRONG!

SHINE! IT'S TIME TO SHINE!

I GOTTA ADMIT HE HAS AMAZING POWERS!

HE READ THE FORECAST IN TODAY'S PAPER