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I have been asked to speak on the policies that are necessary for a proper balance at the Regional, National and Global levels, in view of the production and distribution of wealth. I have also been asked to draw references to the opportunities, accomplishments, setbacks and challenges experienced in Asia. While poverty has been described as one of the most burning global issues of the day, even above terrorism and climate change, an unbalanced distribution of wealth is also seen as a cause of the spread of poverty.

My treatment of the subject, therefore, will deal with the subject of wealth, its unequal distribution and the steps needed to do away with the inequalities. I will also give the outlook on Asia, with specific mention of South Asia, the area to which Sri Lanka belongs.

There has been unprecedented wealth creation in the last 25 years during which globalisation has generated both opportunities and challenges. The global economic, social and cultural landscape has been transformed through liberalised international trade and the spread of the benefits of Information and Computer Technology (ICT) revolution. While there have been significant improvements in social indicators related to health and education, the internet and social networks have also created their own cultural and political impacts in many parts of the world. Since foreign capital is mobile and constantly seeks locations with the highest rate of returns, Asia too has benefitted greatly and the economic centre of gravity of the world has been shifting from the West to the East, with India and particularly China emerging as major global players. These two countries alone have accounted for over half the growth in the world economy. Even the recent global financial and economic crises have left Asia relatively unaffected. However, disparities have also widened between and within countries. Nearly 1.2 billion still live below the poverty line and earn less than USD 1.25 per day. They are classified as the extreme poor.

Yet for all, the accomplishments in Asia as a whole must include rapid growth as well as poverty reduction in East Asia and South East Asia. Meantime, in South Asia, the progress has been less impressive although India's growth in recent years has improved the prospects for this region. South Asia by itself has been less successful in reducing poverty and in delivering basic services to the poor, although Sri Lanka has been an exception with its strong performance in terms of the UNDP Human Development Index.

As regards opportunities, it can be said that intra-trade and investment within countries in the Asia region is a dynamic component of the world economy. A further opportunity for South Asia in particular stems from its relatively young population. While 'ageing' is becoming a challenge in many parts of the world, South Asia, including Sri Lanka, is well placed to take advantage of this 'population dividend'.

Meantime, there are five other important challenges that will become increasingly important in the coming years for Asia and the world beyond: rapid urbanisation, access to water, food security, fuel security and climate change.

For the first time in human history, more people are living in cities rather than in rural areas. The rapid growth of mega-cities is posing an enormous challenge in terms of providing services and infrastructure facilities to fast-growing concentrations of people. Failure to respond effectively to this challenge could lead to social unrest.

Access to fresh-water (water stress) is becoming a major challenge in parts of Asia and beyond. Both China and India are confronted with this problem in parts of their countries. Influential commentators have warned that water stress could lead to conflict within countries and even wars between countries, in the years ahead.

As a result of rapid growth in emerging countries, millions of people are acquiring middle class lifestyles, thus leading to increased consumption which in turn will put upward pressure on the prices of basic staple foods, thereby threatening the food security of millions. Many more millions could fall below the poverty line as high prices impact adversely on the poor and vulnerable, including children as well as pregnant and lactating mothers.

Rapid growth in emerging countries will also push up oil and coal prices, thus raising the cost of energy.

Yet for all, Asia has time and time again shown considerable resilience in bouncing back from setbacks. The rapid recovery from the Asian financial crisis in the late 1990s and the resilience shown during the recent global economic crisis are good examples of this.

So, what are the prospects for a proper balance in view of the production and distribution of wealth? Clearly, there is no proper balance today. Social inequities and inequalities prevail everywhere. Perhaps no issue casts a harsher light on social inequities than the growing number of people who go hungry every day. An estimated one billion people were undernourished worldwide last year.

As usual, the poorest have been hit the hardest: they have faced rising food prices while their incomes have been battered. Yet Asia's population is increasing by more than 100,000 people a day, according to the Food and Agricultural Organisation (FAO). Therefore, we will need a secure food supply that is sufficient, accessible, usable and dependable. In many Asian countries, food is the major household consumption item. Current family expenditure on food in Asia is ranging from 30% to 70%, with Sri Lanka at around 40%.

Global, regional and national inequality in the production and distribution of wealth is not only present but is also growing. The overwhelming wealth gap is shown by the fact that the world's three richest people have more money than the poorest 48 nations combined. Also true is the fact that affluent nations that have only 6 per cent of the world's adult population account for 34 per cent of the world's household wealth.

But yet, when we talk of poverty we must distinguish between absolute poverty and relative poverty. Absolute poverty is where people do not have sufficient access to food, shelter and clothing to provide for a basic level of development. Relative poverty is an income inequality measure whereby an arbitrary income level is set as the level below which people in a particular country are considered to be poor.

Therefore, so long as relative poverty lines continue to be drawn, poverty will always be with us - as noted in the Bible. But, absolute poverty can be removed from the face of the earth.

As a case in point, Sri Lanka is a country which remains stunningly unequal, with the richest 10 per cent of the people holding nearly 40 per cent of the wealth and the poorest 10 per cent holding just 1 per cent. Clearly, the growth which the country has been able to achieve has not spread among the masses as expected. Rather, income has been concentrated amongst an elite few.

What policies, then, are necessary to remedy this disturbing situation?

We need to put in place the redistribution policies and reform policies that prevent the current tendency for the “rich to get rich faster than the poor” and the “rich to get richer while the poor are getting poorer”. There is definitely a need for policy interventions that ensure more equal growth.

Studies have shown that growing income disparities, especially in the Asian region, are the result of differentials between rural and urban divides, between agricultural and industrial sectors and between the educated and those not.

Therefore, we need policy reforms that generate income and growth for the poor, with emphasis on equal opportunity. We also have to adopt home grown policies and approaches based on our own Asian experiences rather than on prescriptions of the West.

At the same time, a global income redistribution plan should be put in place considering three important guidelines, namely, that funds should flow (1) from rich to poor countries (2) from a tax payer who is richer than the beneficiary of the transfer, and (3) from tax payers who are relatively rich within their countries to recipients who are relatively poor in recipient countries.

That way, national inequality decreases in both the donor and recipient countries.

What else could we do?

We could undertake a more challenging enterprise. Can we, for instance, envisage the creation of a global agency to be financed by taxing rich people in rich countries and transferring funds directly to poor people in poor countries? If empowered to raise funds, such an agency should avoid governments that have often wasted foreign aid. Instead, it would deal directly with individual citizens and organisations. This kind of challenging enterprise may lead to a realization on the part of many that their own survival and self-interest may lie in supporting some form of global action that deals with global poverty and global inequality.

I hope I have been able to capture, within the limited time frame, some of the salient features of the vast subject of poverty and hunger which continue to agitate our minds as we go forward together towards the noble ideal of ONE FAMILY - ZERO POVERTY.

Thank you!

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