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Root causes of global poverty and inequality.

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Root causes of global poverty and inequality

International Political Economy

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Introduction

Inequality and poverty are an evident aspect of modern life across the globe that has been accepted as a natural and inevitable process of life. This view is not shared by all individuals of core western states however, individuals of peripheral states encounter poverty and inequality daily to which it has become inevitable. It is important for politicians, scholars and individuals of the core states to identify and understand the causes of inequality and poverty that affect the globe, particularly in peripheral states. This is since effective change can only begin once powerful core states understand the causes that are somewhat connected to their own contemporary and previous practices. The essay aims to attest that inequality and poverty is not an inevitable, natural process by uncovering its root causes that can be eliminated once accurately recognised. The utmost significant causes of inequality such as economic exploitation, neoliberalism and racism originate from capitalism that is, therefore, the primary cause of inequality and poverty. Capitalism is systematically entrenched with means of exploitation that inevitably reproduces forms of inequality and poverty. Individuals have encountered exploitation, entrenched in capitalism, since colonialism and it has obstructed ordinary individuals' perspectives in understanding such inequality is not natural. It is evident throughout the discourse that capitalism and colonialism are indisputably connected although, the question is if capitalism maintains a colonial past or if colonialism maintains capitalist roots. In addition, Karl Marx's economic perspective of capitalism explains how capitalism economically exploits individuals through production, particularly individuals of the periphery. Secondly, Kotz's explanation of neoliberal capitalism suggests that capitalism maintains systematic limitations that cannot economically support individuals across the globe. Neoliberal capitalism profoundly explains that capitalism's core principles are chaotic and cannot be developed. Finally, the study of international political economy often fails to identify the significance of racism across the globe. The essay identifies racism as a significant contributing factor global inequality and poverty that is fuelled by capitalism and its colonial past. Moreover, it is important to mention that despite capitalism's central cause of inequality and poverty throughout the essay additional alternatives to capitalism will not be discussed. This is since the essay aims entirely to uncover capitalism's exploitative condition rather than discuss what alternatives ought to be in capitalism's place.

Marx and exploitative capitalism

Applying Marx is imperative when justifying capitalism's failure to provide economic equality and wealth since Marx's theory is a critique of capitalism. Marx's theory explains the method that capitalism economically exploits individuals causing inequality between the proletariat and bourgeoisie populations. A central concept of Marx's theory is 'commodity fetishism' that concerns the social relations and exchange of commodities when causing inequality. Commodity fetishism explains under capitalism all objects of human labour become commodities and the natural exchange of commodities conceals social relations underlying production (Lavalette & Ferguson, 2018). Ultimately, commodity fetishism suggests inequality begins once individuals at the early process of the commodity process are erased and unrecognised. This causes inequality since these individuals do not obtain a fair degree of wealth from the commodity. Commodity fetishism is plausible since it explains individuals do not fairly acquire the value of commodities produced although, it is important to question why

the social relations within the commodity process are unclear. Firstly, Marx plausibly suggests that in a capitalist world everything is produced for exchange and such social relations are represented to seem natural (Lavalette & Ferguson, 2018). This is significant since this is an example of capitalism representing a process of inequality to seem natural that becomes more apparent throughout the essay. Secondly, Marx's conception of 'alienation' is a profound explanation to commodity fetishism and additional aspects of human life. Marx suggests alienation separates individuals from their labour, primarily caused by wage labour, that forms commodity fetishism and exploitation of labour to seem natural (Overend, 1975). Capitalism, thus, continually causes inequality since alienation obstructs individuals from identifying the exploitation of their labour, understanding the commodities they produce is significantly controlled by other individuals. Capitalism, ultimately, could not exploit individuals by means of commodity fetishism and additional Marxist theories if alienation did not exist. This is since it is alienation that forms the exploitative nature of capitalism to be appear natural and if alienation did not exist individuals would identify their individuality and demand change (Thompson, 1979).

Furthermore, to expand Marx's theory of commodity fetishism and alienation it is important to represent how Marx's concepts critiquing capitalism have created inequality and poverty on a global scale. The social relations that negatively affect individuals the most in the commodity process are those of the earliest stages that often are situated in the periphery. Prebisch's dependency theory examples inequality in the international system and how peripheral states are exploited since dependency theory questions why economic development is not beneficial to every state (Romaniuk, 2017). Prebisch's dependency theory explains that periphery states export primary commodities to core states that then manufacture the commodities. Core states, once manufacturing the primary commodities add significant value to the commodity that the core states primarily obtain (Zulkifli, 2010). Dependency theory connects to Marx's commodity fetishism since it links formerly to that early social relations are erased, depriving individuals of wealth. Therefore, Prebisch's dependency theory aimed to explain why economic growth only increased in core states and not the periphery. Ultimately, economic growth does not occur in the periphery since it is dependent on core states caused by the exploitative rules of trade such as commodity fetishism (Zulkifli, 2010). Marx's theory effectively explains that capitalism economically exploits individuals, particularly those of the periphery, through the production process depriving individuals of wealth they have laboured.

Neoliberal capitalism

The discussion of neoliberal capitalism is important when attempting to support that capitalism is the root cause of global inequality and poverty since it is evident that neoliberalism and capitalism are connected. This is since, according to Connell (2014), neoliberal capitalism expresses the 'political will' of the capitalist class and in the 1970s economic mechanisms of capitalism had been damaged by working-class struggle. Neoliberalism did not necessarily begin in this period however; capitalism was under threat in this period that was evident by the Cold War and the emergence radical left-wing politics in both Britain and the United States. Political leaders such as Thatcher and Reagan emerged as a reaction to radical left-wing politics in both core states. This explains that neoliberal capitalism assisted in reviving and strengthening capitalism and are connected when creating global inequality and that capitalism is a root cause as it created unviable theoretical branches. Kotz (2003) suggests that neoliberal

capitalism systematically worsens conditions for individuals of all classes that creates difficulties, such as job insecurities, caused by economic regression. Kotz significantly suggests neoliberal capitalism is systemically weak since it economically fails, causing inequality and poverty. It fails on the terms of social classes since its systematic weaknesses creates economic issues that is shared and connected by all although, social classes worth millions would possibly disagree. Kotz (2009) suggests historically capitalism experiences systemic crises, and despite the economic booms and increase in profits the contradictions of neoliberal capitalism forever inevitably leads to a crisis. The 2008 financial crisis, for example, is one of numerous economic crisis that ought to be analysed to represent the systemic contradictions of neoliberal capitalism. A central cause to the 2008 financial crisis was the forced increase of demand by banks that permitted unlimited borrowing that was not affordable (Beder, 2009). Firstly, it is important to identify that this central cause is a representation of greed, entrenched in capitalism. In addition, unlimited borrowing represents significant hypocrisy since it is often utilized by the right wing to attack the left wing. Amber Rudd, for example, in the 2017 general election accused socialist Jeremy Corbyn of believing there was a 'magic money tree' (BBC News, 2017). The attack of the right wing, despite the failure of the right wing, can be considered alienation to strengthen neoliberal capitalism against possible alternatives of socialism. Moreover, Kotz (2009) explains unlimited borrowing of banks in 2008 is neoliberal capitalism practicing deregulation of business and finance to assist the functioning of the free market. Deregulation of business and finance permits corporations and banks, such as in 2008, to pursue free financial activity exemplifying a capitalist laissez-faire element. Neoliberal capitalism, therefore, is capitalist assisting to strengthen capitalist ideology however, neoliberal capitalism systematically maintains contradictions that creates economic crises resulting in inequality and poverty across the globe. Since neoliberal capitalism causes economic crises it affects inequality and poverty on a global scale rather than primarily the periphery which is significant. Moreover, it is important to consider that neoliberalism demonstrates the presence of alienation in international relations. This is since Lavalette and Ferguson (2018) suggest alienation causes individuals to consider economic crises and the aftermath of austerity to be natural. Subsequently to the 2008 crisis, austerity in Britain was implemented although, individuals did not question the nature of austerity and reduced spending. Consequently, it is clear that neoliberal capitalism exists to function capitalism and it is plausible Marx's conceptions of alienation have become more relevant since people do not question neoliberal capitalism economic limitations. It is important to identify that neoliberal capitalism is systematically weak since it maintains capitalist core principles. This explains that additional liberal theories such as liberal internationalism, that will be briefly discussed, are likewise systematically weak. Therefore, neoliberal capitalisms systematic weaknesses are significant since it explains that capitalist core principles are not viable and cannot be developed.

Racism and capitalism

Racism is a feature of capitalism that causes inequality and poverty across the globe however, scholars in international political economy struggle to identify racism as a cause. Henderson (2013) suggests racism in international relations is the belief, to practice or produce policy, reflective of and supported by institutional power, primarily state power. Capitalism and racism are connected since capitalism is inherently racist from capitalisms colonial history. Heller (2011) claims racism was a form of ideological

control born into the early modern period to reinforce colonial domination and exploitative relations of production. This connects to Marx's theory of capitalism's economic exploitation since racism was an instrument to exploit the natural resources of what is now the periphery. In addition, the exploitation and racism the periphery experienced before the conclusion of colonialism created an eternal relationship between the periphery and the core being "the other". Fanon's "the other" critiques Marx claiming that it is not the bourgeoisie class that governs the periphery. Alternatively, it is race that first and foremost governs those who come from elsewhere and are unlike original inhabitants (Fanon, 1963). Despite Fanon's critique of Marx, it is plausible to connect the two suggesting the bourgeoisie class in core states are the faction of racist individuals governing the periphery. The bourgeoisie class have created a racist relationship, subsequently to colonialism, identifying the periphery as "the other". Furthermore, "the other" remains significant since such racism has been transferred into the contemporary globe, linking formerly, by the practice of liberalism. Despite the conclusion of colonialism, racism and the relationship of "the other" remains significant to causing inequality. This is since Hobson (2013) suggests, concerning European states that are predominantly core states, that a conditional sovereignty exists permitting core states the ability to intervene. Such conditional sovereignty of western core states examples racism and "the other" that leads to interventions that create inequality in the periphery. Liberal internationalism believes liberal states have the right to intervene to pursue liberal objectives (Jørgensen, 2015). Liberal internationalism and additional liberal theories, concealing capitalist ideology, leads to inequality in the periphery such as the Iraq invasion, Libyan invasion and the Syrian crisis. Such intervention is problematic since it is identified and deemed irrational and harmful by scholars although, such intervention is never identified as racist. Evidently, capitalism and its racist elements have created a relationship in which capitalist core states can intervene freely however, it has likewise created a form of economic racism. This is since in numerous peripheral states workers are paid less than a dollar a day to work and function the core states' economies and connecting formerly to Marx, this is never questioned. It must be questioned why workers at beginning of the process in the periphery are allowed to be paid minor wages, creating inequality, but such low wages are not permitted in the core? Therefore, colonial capitalism fuelled the contemporary racist world creating the relationship of "the other" that permits the core to intervene and create inequality across the periphery. It is important, in addition, to identify that liberalism is a clear significant contribution to inequality since it conceals and strengthens capitalist ideology.

Conclusion

Uncovering capitalism's systematic weaknesses have been the aim throughout the essay in order to support that capitalism is ultimately, the origin of all causes of inequality. Capitalism supplies significant resources creating economic power to the core states however, this is likewise its weakness as it destroys the periphery and then its core caused by its systematic weaknesses. Capitalism cannot provide prosper to the entire globe given the existence of the periphery and the core exemplified under Marx's theory. Capitalism's economic system favours one half of the individuals throughout the process of production and trade that connects formerly to the economic power of the core and the weakness of the periphery. The bourgeoisie, situated in core states, evidently are the only group of individuals who benefit, unfairly, of capitalism's economic system. In addition, bourgeoisie populations and core states evidently

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maintain a significant link to the discussion of racism as a cause of inequality, influenced by capitalism. The bourgeoisie populations and core states historically benefited of colonialism and despite the conclusion of colonialism, the racist element of colonialism remains relevant in core states. Capitalism, alongside connected theories of liberal internationalism, has formed a relationship of “the other” that causes inequality and poverty as core states intervene and exploit peripheral states. Moreover, capitalism is not viable since its core principles are not capable of being utilized and developed to prevent inequality and poverty. Neoliberal capitalism maintains core capitalist principles and examples that capitalism is not viable since neoliberal capitalism is systematically weak. Neoliberal capitalism maintains tendencies to economically fail causing inequality and poverty in both peripheral and core states. Capitalism, therefore, is chaotic since it exploits individuals causing inequality and poverty, explaining it ought to be substituted as the dominant theory in order to eliminate inequality and poverty.

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