

Rich and Poor

It is, perhaps, appropriate today, the day the Federal Budget is to be handed down, to think about money. Some of us, I suppose, think about it more or less all the time, especially those who have barely enough of it to survive, and probably, too, those whose lives are fully devoted to gaining as much of it as they can. Even for those of us who (at least in Australia) are among the majority who sit comfortably somewhere between the extremes of wealth and poverty, it is worth considering a few pertinent facts about matters financial.

The world's richest major country, as is well known, is the USA. It has more cars, more food, more skyscrapers, a bigger space programme, much bigger and more expensive armed forces than anywhere else. The economies of its larger states dwarf those of many sovereign nations. Although so many of the world's giant corporations are now considered global rather than belonging to one country, most of the biggest are based in America and it is there that they make the decisions that affect the conduct of their business.

And it is the country that automatically comes to mind when you think of billionaires. In fact a recent survey by *Alpha* magazine revealed that three American hedge-fund managers earned more than \$1 billion each last year, if "earned" is the right word for such an amount of money. What is even more obscene is that these men (The survey didn't reveal their gender, but what's the bet?) did not produce anything. They contributed zero to the overall economy except indirectly when they spent whatever fraction of their income they could find the time to spend.

The large incomes of sports and film stars are sometimes condemned, but even the biggest of these are only measured in the tens of millions annually, and it can be argued that these people put in a lot of time and effort to entertain the rest of us. They earn what the market can deliver. Hedge fund managers by their very activities bypass the supply-and-demand process in a way that even organised crime bosses cannot do.

Meanwhile half the world's population lives on less than \$US 3.00 a day and according to the 2004 US census 60 million Americans manage on less than \$7.00. Wages for workers in non-supervisory positions in the USA have not increased since 1972. That's in terms of the numbers actually printed on the banknotes received, not in real terms, which means that those millions of wage earners have seen what was a pathetically small amount even then eroded by 35 years of inflation. The median price of a house, for example, has doubled over the last five years.

Eighty per cent of Walmart employees are dependent on welfare handouts to supplement their low wages. Twenty-five million Americans depend on emergency rations from charities every week. There just aren't that many real emergencies; these people live constantly in zero-income situations. And yet people from Third World countries, especially in Latin America, are flocking to gain entry to this comparative economic paradise. How bad must it be back home?

Last northern winter millions of the poorer inhabitants of the North-eastern states were only protected from the ravages of the extreme cold weather by the supply of heating oil at rock bottom prices from Venezuela, courtesy of the much-maligned Hugo Chavez. This may be dismissible as a propaganda gesture, but I guess that those who benefited weren't too worried about the motive. Of course, if you're homeless, heating oil isn't much good to you. I'm

reminded of a story I was told during the farmworkers' strike in California in 1971 when some well-meaning supporters provided a Thanksgiving turkey to each striking family, only to discover that nobody had an oven big enough to cook it in.

The United States is not alone in the escalation of poverty and the widening of the gap between rich and poor. A few weeks ago an official British survey revealed that 3.8 million children (30 per cent of those under 18) were living below the poverty line, an increase of 200,00 in a year. In an echo of Bob Hawke's famous empty promise to Australian children, Gordon Brown, the Chancellor of the Exchequer and about to become Prime Minister, has promised to halve child poverty in Britain by 2010. And pigs have promised to fly.