

НАУКОВІ ДИСКУСІЇ

INEQUALITY AND WORLD CAPITALISM: ANALYSIS, POLICY AND ACTION : EIGHTH FORUM OF THE WORLD ASSOCIATION FOR POLITICAL ECONOMY (WAPE)

The World Association for Political Economy (WAPE), registered in Hong Kong, China, is an international academic organization founded in 2006 by Marxian economists and related groups around the world. The mission of WAPE is to utilize modern Marxian economics to analyze and study the world economy, reveal its laws of development, and offer policies to promote economic and social progress on the national and global level.

On May 2013, Marxists from 18 countries will get together at the Federal University of Santa Catarina (UFSC), Florianopolis, Brazil, to discuss «Inequality and world capitalism: analysis, policy and action». This is the Eighth Forum of the World Association for Political Economy (WAPE). The aim is to analyze the conditions of the world development from the radical perspective based on the renewed Marxist thought. Since the years 2007–2008, when the historic crisis of capitalism became stronger, political leaderships of the countries of the Center have been highlighting favorable outcome seen as positive overcoming signs of the adverse global conditions of capitalist development. In this context, countries from Latin America and Asia, China in special, are referred to as new actors of a changing world, showing that the capitalist development is overdue and that all the countries which implement correct schedules will have access to the best possible social conditions.

Despite the recurring problems, the premise that there are no social alternatives to capitalism is borne. An example to the highlighting to the «positive phenomena» is the focus on the regional social mobility. In a report from the World Bank in November 2012, it is shown a fifty per cent raise of the middle class in the Latin America, a symptom of process that would have reached thirty per cent of the regional population in 2009. The configuration of classes is based on the level of income and not on the social insertion privileged in the movement of the capitalist economy. The middle class advance would be an indicator of a structural fall in the level of social inequality and of improvement of social conditions in the region.

In Brazil, the biggest country in the region in relation to the GDP, area and population, this advance would be even bigger, having been responsible for forty per cent of the total raise.

The recent experience of Latin America and the Caribbean shows the world that policies balancing economic growth while still expanding opportunities for the most vulnerable can spread prosperity to millions of people. «The recent experience of Latin America and the Caribbean shows the world that policies balancing economic growth while still expanding opportunities for the most vulnerable can spread prosperity to millions of people», said World Bank President Jim Yong Kim. He continued: «Governments in Latin America and the Caribbean still need to do much more – one third of the population is still in poverty – but we should celebrate this achievement of growing the middle class and learn from it».

In an evident contrast with the domineering discourse, there is a fall in the levels of growth in the world, especially in Europe, with enormous social consequences. Greece, Spain, Portugal, France, among many other countries, live an unemployment wave. The poverty level in Europe is growing. The answer of the domineering classes has been the imposition of adjustments in the leading of economy, ignoring the social impracticability of high levels of unemployment in a social order in which development means an increase of the reach of the private capital activities. There are no conditions of subsistence in societies which are established as urban.

Moreover, the weather conditions of the planet are becoming worse, which is a symptom of the immeasurable exploration of natural resources, mainly in the outskirts of capitalism. The tension for the maintenance of sources stimulates conflicts in many parts of the world, mainly in North Africa and in the Middle East. The «Arab spring» does not show a progress scenario, once the references of modernity are the options that capitalism barely offers. The political leading within the areas of the UN is still insufficient since it maintains and reproduces the empires' interests.

In a global scenario like this, it does not seem possible to draw a favorable future. The apparent successes that have the intention of minimizing social conditions historically very mean hide the depletion of the global capitalist development, unable to stimulate progress without expropriation. The capitalism, in spite of maintaining an enormous capacity to adapt to adverse conditions, has no compromise with the human potentialities, taking them only as a basis for the unrestrained of the capital value. This way, the dogmatic process is of imposition of the interests of the imperialist States under the hegemony of the financial bourgeoisie. In other words: the imposition of the primacy of the economic stability over the other priorities of the State. From this point of view, the world inequalities among regions, countries and social classes are intrinsic to the capitalist development and need to

be overcome by the political construction of social alternatives based on an alternative thought and on the practical policy of transformation. For this, the event in Florianópolis is going to incorporate, for the first time in the WAPE range, the social Latin-American movements, which have been formed in the most important social transformation political forces in the region. Contradictorily, part of the regional difficulties is due to the raise of governments with popular basis in many countries, such as Venezuela, Bolivia, Ecuador, Uruguay, Argentina and Brazil. These countries' governments have been adopting important policies of social inclusion, with an improvement in the level of social inequality. The supporting basis of these governments has been enlarged to include portions of the middle class and even of the entrepreneurial class which consider this social inclusion policies as a component for the opening of new investment opportunities and, consequently, of capital value.

However, these governments and these policies present important limitations, once they are a result of social alliances which include political forces that support and aim at only the capitalist development. It is known that this development makes the societies more complex and elaborated, but never allowing a profound social transformation.

The basic directions of WAPE are, firstly, to deepen studies about the negative aspects and evolving survival strategies of capitalism, so that it is possible to emphasize its fundamental non-viability as well as its tenacity as a decadent yet existing social order within and yet against the complete practice of the human potentialities;

Secondary, to extend opportunities of political and scientific discussion and relation with the popular social movements, recognizing them as social forces capable of real transformation of society at the current historical circumstances;

Thirdly, to continuously maintain, elevate, reject and promote views on the socialist alternatives for the 21st Century which are able to overcome the problems brought up by capitalism;

Fourthly, opposition to imperialism and to the wars which have been unleashed by it for ensuring its reproduction as a global hegemonic order.

For that, it is essential to have the cooperation of the Marxists and of the other students of Marx from all over the world. WAPE is an important space for this objective, where the exchange of ideas, studies and propositions for actions emanating from Marx's Critique of Political Economy are possible. There is no way of overcoming capitalism without a global political, economic, cultural and scientific action of the forces inspired by Marx.

At the forum were representatives of the Ukrainian scientific economic thought, Andriy Grytsenko, Olena Grytsenko, with the report «The problem of inequality in

the inversion economy of Ukraine». The following is a short abstract of their presentation.

Ukraine is located in central Europe. The area ranks 44-th and the population size ranks 33rd in the world. Ukraine is one of the countries with high human development. But as most countries Ukraine is faced with the necessity of solving an actual problem of social and economic inequality. The modern world is characterized by disproportion and instability, economic decline and moral degradation, increasing protest moods, exploitative use of resources. All this undermines survival prospects for future generations. Under these circumstances, the problem of equity and stability of economic development is in the foreground and requires theoretical research and practical solutions. Ensuring justice and equality remains as an essential prerequisite to human survival and development of civilization.

Ukraine's economy, in contrast to the advanced countries, is developing in an inversion way. The basic features of the inversion economy in Ukraine are:

1. Reverse order of transformation as against the classical way of development:
 - privatization: transition from state ownership to private ownership;
 - demonopolization: transformation of large-scale enterprises to small-scale enterprises;
 - liberalization: transition from state prices to market prices.
2. Reducing the role of the state in solving social problems (refusal of public patronage).
3. Long-term preservation of the public protection stereotypes.

This means that the reforms are of the reverse order. For example, under the classical way of development the role of the state is growing along with economic development. In the inversion economy it takes much time to transit from public control to a variety of ownership and competitive principles. The state's role is significantly reduced.

In Ukraine the inversion type of market transformation is combined with globalization. Globalization sets new tasks of social development:

1. Formation of Network and Information Economy (moving from a hierarchical system of relations to a network form of production, distribution and utilization of economic goods);
2. Financialization of economic activity, behavior and thinking (dominance of the independent financial sector over the real economy, rooting of financial motives in economic and everyday life);
3. Socialization of economy (subordination the economy to human interest, expansion social responsibility of business);
4. Humanization of human relations (awareness of individual responsibilities and obligations in relation to nature and society, contemporaries and successors).

Moreover globalization leads to deformation of Ukrainian economy. As a result, Ukrainian economy has adapted to the number of the world economy sectors as a raw materials appendage and therefore hasn't created a developed domestic market. It is also accompanied with a significant deterioration in the economic structure (increase of the proportion of primary industries and reduction of the share of high-tech industries), excessive social stratification, and failure of the state to generate adequate economic policies.

Unfair wealth redistribution is evident in privatization that leads to the major part of population excluded from the ownership of resources. This is particularly noticeable at the labor market. The market transformation has led to dramatic changes in the area of unemployment. The state is not able to bear the social burden inherited from socialism. Thus, the share of social transfers and services in Ukraine in recent years is more than 35 % of GDP that corresponds to the rate in France. While, for example, in Germany this figure remains 30 %, and in less developed countries as Poland and Greece it is less than 30 %. And even such level of social transfers does not allow Ukraine to reduce the level of inequality.

Ukraine fell into the trap of inversion-globalization. The economic growth leads to deterioration of the economic structure and increase of social inequality. The decline in production during the crisis has not led to any positive structural changes that preserves the old structure on the low level and worsen terribly the situation of the general population. The main reason of such situation is involvement countries with underdeveloped economy and market in globalization.

Ukraine has the basic conditions that are necessary to achieve economic and social equality. But they are not used rationally and effectively.

1. Land resources per capita are among the richest in the world. The land fund makes up 60,4 million hectares, of which 70.9 % are agricultural lands, territories covered by water are 4.0 %, built-up areas are 4.2 %. The available land resources are used with a continuous quantitative and qualitative deterioration.

2. Water resources occupy two-thirds are formed within the territory of the country. According to UNESCO, Ukraine ranks 95th for quality of water and its rational use. Water intensity of GDP is 3–5 times higher than in developed countries.

3. Forest resources at 20–22 %, are below the optimal level of balanced and ecological use. This does not correspond to a safe level of the ecological, and raw-material, needs of human development.

4. Mineral resources. The country possesses almost all major minerals. Ukraine is able to provide with the domestic resources entirely its own needs. However, these resources are still the main source of export and budget filling.

5. Human resources. The population of Ukraine, at 45.6 million people, has decreased by 6.3 million since gaining independence from the USSR. The country

also has a considerably deteriorated age profile: the proportion of people under 20 years old has dropped from 28.5 % to 20.0 %, and the share of people above 60 years has increased from 18.7 % to 21.2 %. The average life expectancy is 71 years (75.9 for women; 66 for men), and at 75,5 % of people belong to the economically active population, which is significantly lower than in developed EU countries.

6. Secondary resources (recycling materials) are becoming an important factor for efficient supply of resources. The relevant infrastructure involves 1,500 businesses, but the process is spontaneous, and not territorial and branch balanced.

7. Maintenance of biological diversity and protecting ecosystems. Ukraine occupies less than 6 % of Europe, but has 35 % of its biodiversity, putting it ahead of almost all other European countries. However, species diversity is decreasing rapidly due to the human impact on the environment.

8. Economic resources. The fixed capital of Ukraine is 217.5 billion dollars of which 24 % is concentrated in industry. Compared with the developed countries of the world, Ukraine has far fewer fixed assets, which leads to a low technological level of production.

In conclusion it should be noted that to remedy this situation it is necessary to change the strategy of global development by giving up the idea that market is a major global regulator. It is essential to start socializing on national and international levels of economic development. This means, first of all, the governments, international economic and financial organizations should focus on use of the national economic potentials for the development of domestic markets which would be able to satisfy the basic needs of the population. Globalization processes should be subordinated to the socio-economic goals.

Prof. A. Grytsenko, prof. O. Grytsenko