

## Why So Much Inequality?

All babies are born naked, but soon after some are dressed in expensive clothes bought at the best boutiques while the majority wear rags. Once they've grown a little older, some get annoyed every time relatives and godparents bring them yet more clothes, since they would prefer other gifts, such as the latest iPhone, while others dream of the day when they might be able to head to school without holes in their shoes.

This is the kind of inequality that defines our world. From a young age you seemed aware of it, even though it was not part of your everyday life, because, truth be told, the school we send you to isn't attended by children condemned to lives of deprivation or violence – as the overwhelming majority of the world's children are. More recently you asked me, 'Why so much inequality, Dad? Is humanity that stupid?' My answer didn't satisfy you – or me, for that matter. So please let me give it another try, by posing a slightly different question this time.

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*Why didn't the Aborigines in Australia  
invade England?*

Living and growing up in Sydney as you do, your schoolteachers have spent many hours and lessons making you and your classmates aware of the hideous injustices perpetrated by 'white' Australia on the country's original inhabitants, the Aborigines; of their splendid culture, which white European colonialists trampled underfoot for over two centuries; and of the conditions of shocking poverty in which they still live as a result of those centuries of violence, theft and humiliation. But did you ever wonder why it was the British who invaded Australia, seizing the Aborigines' land just like that, almost wiping them out in the process, and not the other way round? Why didn't Aboriginal warriors land in Dover, quickly advancing to London, murdering any Englishmen who dared resist, including their queen? I bet not one teacher at your school dared to raise that question.

But it's an important question, and if we don't answer it carefully, we risk thoughtlessly accepting either that the Europeans were ultimately smarter and more capable – which was certainly the view of the colonizers at the time – or that the Aboriginal Australians were better and nicer people, which is why they themselves didn't become brutal colonizers. Even if it were true, this second argument boils down to much the same thing as the first: it says there is just something intrinsically different

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between white Europeans and Aboriginal Australians, without explaining how or why, and nothing legitimizes crimes like those committed upon the Aborigines, and others, better than arguments of this sort.

These arguments must be silenced if only because they can emerge from within your own mind, tempting you to accept that history's victims deserved what they got because they were not smart enough.

So the original question, 'Why so much inequality between peoples?' blends into another, more sinister question: 'Is it not simply that some groups of people are smarter and, as a result, more capable than others?' If this is not the case, why is it you've never seen in the streets of Sydney the kind of poverty you encountered on your visit to Thailand?

*Markets are one thing, economies another*

In the bubble of Western prosperity you're growing up in most grown-ups would say to you that poor countries are poor because their 'economies' are weak – whatever that means. They would also say to you that poor people in your own community are poor because they do not have anything to sell that others really want – that, in short, they have nothing to offer the 'market'.

This is why I have decided to talk to you about something called the economy: in your world, and mine, any discussion of why some people are poor

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whereas others are stinking rich, or even why humanity is destroying Planet Earth, revolves around that thing called the economy. And the economy is related to that other thing known as the market. To have any say in humanity's future, you cannot afford to roll your eyes and switch off the moment words like 'economy' or 'market' are mentioned.

So, let me begin with a common error that many make: they think that markets and the economy are one and the same thing. They are not. What exactly are markets? Markets are places of exchange. At the supermarket we fill our trolley with things in exchange for money, which the seller – the owner of the supermarket or the employee paid with money from the register – later exchanges for other things that they want. Before money was invented, exchanges were direct: a banana would be exchanged directly for an apple, or maybe two apples. Today, with the Internet in full swing, a market does not even have to be a physical place, like when you get me to buy you apps on iTunes or vinyl records from Amazon.

Obviously, we've had markets since we were living up in the trees, since before we developed the capacity to grow food. The first time one of our ancestors offered to trade a banana for some other fruit, a market exchange of sorts was in the air. But this was not a true economy. For an economy to come into being, something else was needed: a capacity to go beyond just gathering bananas

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from trees or hunting animals – a capacity to produce food or instruments that would not have existed without human labour.

### *Two Big Leaps: speech and surplus*

Some eighty-two thousand years ago humans made the First Big Leap: using our vocal chords we managed to speak and move beyond inarticulate cries. Seventy thousand years later (that is, twelve thousand years ago) we made the Second Big Leap: we succeeded in cultivating land. Our ability to speak and to produce food – instead of just shouting about and consuming what the environment naturally provided (wild game, nuts, berries, fish) – gave rise to what we now call the economy.

Today, twelve thousand years after humanity ‘invented’ agriculture, we have every reason to recognize that moment as truly historic. For the first time humans managed not to rely on nature’s bounty; they learned, with great effort, to make it produce goods for their own use. But was this a moment of joy and exaltation? Not at all! The only reason humans learned to cultivate the earth was that they were starving. Once they had hunted down most of their prey with savvy hunting methods, and multiplied in number so rapidly that produce from the trees was insufficient, humans were forced by dire need to adopt methods for cultivating the land.

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Like all technological revolutions, this wasn't one that humanity consciously decided to start. Where humans could avoid it, as in Australia where nature provided enough food, they did so. Farming took hold where humans would have perished otherwise. Gradually, through experimentation and observation, the technology that allowed us to farm more efficiently evolved. But in the process, as we developed the means to grow food, human society changed drastically. For the first time agricultural production created the basic element of a true economy: surplus.

What is surplus? Initially, surplus simply meant any produce of the land that was left over after we had fed ourselves and replaced the seeds used to grow it in the first place. In other words, surplus is the extra bit that allows for accumulation and future use – for example, wheat saved for a 'rainy day' (if the next harvest were to be destroyed by hail) or used as extra seeds to be planted next year, increasing production, and the surplus, in the years to come.

You should take note of two things here. First, hunting, fishing and the harvesting of naturally occurring fruit and vegetables could never yield a surplus even if the hunters, the fishermen and the gatherers were super-productive. Unlike grains – corn, rice and barley, which could be preserved well – fish, rabbits and bananas quickly rotted or spoiled. Second, the production of agricultural surplus gave birth to the following marvels that changed humanity for ever: writing, debt, money, states, bureaucracy, armies,

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clergy, technology and even the first form of biochemical war. Let's take these one by one ...

### *Writing*

We know from archaeologists that the first forms of writing emerged in Mesopotamia, which is where Iraq and Syria are now. But what did they record? The quantity of grain that each farmer had deposited in a shared granary. This was only logical: it was difficult for each individual farmer to build a granary for storing their surplus, and simpler if there was a common granary overseen by a guard, which every farmer could use. But such a system required some sort of receipt, for example, that Mr Nabuk had deposited a hundred pounds of grain in the granary. Indeed, writing was first created so that these accounting records could be kept – so that each individual could prove what quantity they had stored in a common granary. It is no coincidence that societies not in need of developing agricultural cultivation – in places where wild game, nuts and berries were never in short supply, as was the case for Aboriginal Australian societies and indigenous communities in South America – kept to music and painting and never invented writing.

### *Debt, money and the state*

Accounting records of how much wheat belonged to our friend Mr Nabuk were the very beginnings of both debt

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and money. Based on archaeological finds, we know that many workers were paid in shells engraved with numbers indicating the pounds of grain that rulers owed them for their labour in the fields. Since the amounts of grain these shells referred to had often not been harvested yet, the shells were a form of debt owed to workers by their rulers. At the same time, the shells were also a form of currency, since workers could exchange them for products produced by others.

But the most interesting discovery has to do with the first appearance of metal currency. Most people believe it was invented to be used in transactions, but this wasn't the case. In Mesopotamia at least metal currency that didn't physically exist was used in written accounts to express how much farm workers were owed. For example, the accounting log would note, 'Mr Nabuk has received grain valued at three metal coins,' even though those metal coins had not been minted yet and might not be for many, many years. In a sense, this imagined form of money, used to facilitate real exchanges, was a virtual currency. So, when people tell you that today's economy is very different to the economy of the past, citing the virtual payments made possible by digital technologies, tell them that is nothing new; that virtual money has existed ever since the economy was invented, following the agricultural revolution twelve thousand years ago and the creation of the first surplus.

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In fact, even when metal currency was forged, it was often too heavy to circulate. So, the value of the grain Mr Nabuk was owed was expressed as a proportion of the weight of a large piece of iron. In any case, Mr Nabuk never went around with metal currency in his pocket – all he carried on him was an IOU, often in the form of a shell with writing on it indicating pounds of grain or shares of a large, immovable block of iron.

Now the thing about virtual currency and these IOUs is that to work they need a great deal of ... faith. Mr Nabuk had to believe – he must have had *faith* – in the willingness and capacity of the controllers of the granary to give him the grain he was owed once it was produced. And others must have believed that too before accepting Mr Nabuk's shell-IOUs in exchange for oil or salt or in order to help him build his hut. This is the origin of the word 'credit': it comes from the Latin *credere*, which means 'to believe'.

For such faith to prevail and give value to the shells (i.e. the currency), people needed to know that they were guaranteed by someone or something very powerful. This might be a ruler descended from the gods, a mighty king of royal blood or, later, something resembling a state or a government: an authority that could be trusted to have the future power to reimburse Mr Nabuk with his share of the grain surplus, even if the individual ruler were to die.

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### *Bureaucracy, army, clergy*

Debt, money, faith and state all go hand in hand. Without debt there is no easy way to manage agricultural surplus. As debt appeared, money flourished. But for money to have value, an institution, the state, had to make it trustworthy. When we talk about the economy, this is what we are talking about: the complex relations that emerge in a society with a surplus.

And as we examine these relations, what also becomes clear is that a state could never have been born *without* surplus, since a state requires bureaucrats to manage public affairs, police to safeguard property rights and rulers who – for better or for worse – demand a high standard of living. None of the above would be conceivable without a hefty surplus to sustain all of these people without them having to work in the fields. Nor could an organized army exist without a surplus – and without an organized army the power of the ruler, and by extension the state, could not be imposed, and the society's surplus would be more vulnerable to external threats.

Bureaucracies and armies were made possible by agricultural surpluses, which in turn created the need for bureaucracies and armies. The same was true of the clergy. The clergy? Yes, surplus begat organized religion! Let's see why.

Historically, all the states resulting from agricultural societies distributed their surplus in an outrageously

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unequal manner, to the benefit of those with social, political and military power. But as strong as these rulers were, they were never strong enough to face down the vast majority of impoverished farmers, who if they joined forces could overthrow the exploitative regime in a matter of hours. So, how did these rulers manage to maintain their power, distributing surplus as they pleased, undisturbed by the majority?

The answer is: by cultivating an ideology which caused the majority to believe deep in their hearts that only their rulers had the right to rule. That they lived in the best of all possible worlds. That everything was the way it was destined to be. That the situation on the ground reflected some divine order. That any opposition to them clashed with that divine power's will, threatening to send the world spinning out of control.

Without this legitimizing ideology, the power of the state didn't stand a chance. Just as the state had to exist in perpetuity, surviving the death of its ruler, the ideological crutch for state power needed to be institutionalized too. The people who performed and instituted the ceremonies that served this purpose were the clergy.

Without a large surplus there would be no capacity to create religious institutions with complicated hierarchies of clergy, since the 'holy' men and women did not produce anything. At the same time, without organized religion the rulers' authority over the generation and distribution of the surplus would be very unstable and prone to

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insurrections by the majority, whose share of the surplus was usually tiny. This is why for thousands of years the state and the clergy were one and the same.

### *Technology and biochemical war*

The human brain managed to bring about technological revolutions well before agricultural production came about – for example, the invention of fire, metal extraction from ore, the aerofoil, as in the Australian Aborigines' remarkable boomerang. But agricultural surplus gave technology a gigantic boost by simultaneously giving rise to new technological needs – the need for ploughs and irrigation systems – and by concentrating resources in the hands of a powerful few. The agricultural revolution catapulted human technology to a level that made possible the construction of the magnificent Pyramids, the Parthenon and the Inca temples – with the help, of course, of thousands of slaves.

But surplus also creates deadly bacteria and viruses. When tons of wheat are piled into common granaries, surrounded by throngs of people and animals in towns and cities that lack basic waste disposal systems, the result is a massive biochemical laboratory in which bacteria and viruses rapidly develop and proliferate and cross from one species to another. Human bodies had not evolved to cope with the resulting devastating diseases, and at first many died. But slowly, over generations, the inhabitants

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of these societies managed to adjust to cholera, typhus and the flu and became more resistant to them.

Of course, when they encountered tribes and communities that had not yet developed agricultural production, because of the millions of deadly microorganisms they now carried with them a handshake was enough to wipe most of the tribespeople out. In fact, both in Australia and America many more of the native populations died from contact with bacteria and viruses carried by invading Europeans than from cannonballs, bullets and knives. In some cases the European raiders even engaged knowingly in biochemical war: on one occasion a Native American tribe was devastated when a delegation of European colonists gifted them blankets knowingly seeded with smallpox virus.

*Back to the question: Why did the British invade Australia and not the opposite?*

Time to revisit the tough question I started off with. Why did the British invade Australia instead of the Aborigines invading England? More generally, why did all imperialist superpowers emerge in Eurasia and not one from Africa or Australia? Does it have to do with DNA? Certainly not. The answer lies in what I have just been telling you.

We saw how *in the beginning ... was surplus*. And from agricultural surplus there emerged writing, debt, money and states – and from these economies emerged

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technologies and armies. Simply put, the geographical conditions in Eurasia – the nature of the land and the climate – meant that agriculture and surplus and all that went with it took hold with great force, leading to the emergence of rulers of states in command of armies equipped with technologies such as guns and made even more lethal by the biochemical weapons they carried in their bodies and on their breath.

In countries like Australia, however, things were different. For a start, food was never in short supply since three to four million people living in relative harmony with nature had exclusive access to the flora and fauna of a continent the size of Europe. As a result, there was no reason to invent the agricultural technology that allows for the accumulation of surplus or for that technology to be adopted when the opportunity presented itself.

Today we know – you at least certainly do – that the Aborigines had poetry, music and myths of tremendous cultural value, but they didn't have the means to attack other peoples or to defend themselves from the armies, the weapons and the germs that agricultural surplus-producing economies engender. In contrast the British, coming from Eurasia, had been forced by climate and need to generate large surpluses and all that came with them, from seagoing vessels to biochemical weapons. As a result, when they arrived on the Australian coast, the Aborigines didn't stand a chance.

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‘And what about Africa?’ you might reasonably ask. ‘Why did not a single African country grow powerful enough to threaten Europe? Why was the slave trade such a one-way street? Maybe the Africans weren’t as capable as the Europeans after all?’

Nothing of the sort. Take a look at a map and compare Africa’s shape to Eurasia’s. The first thing you’ll notice is that Africa extends more to the north and south than it does to the east and west, starting off at the Mediterranean, extending south to the equator and then continuing until it reaches the temperate climates of the southern hemisphere. Now take a glance at Eurasia. It does just the opposite, beginning on the Atlantic and spreading east all the way to the Chinese and Vietnamese coasts on the Pacific Ocean.

What does this mean? It means that if you crossed Eurasia from the Pacific to the Atlantic you’d encounter relatively few changes in climate, whereas in Africa, as you travel from Johannesburg in the south to Alexandria in the north, you would pass through all kinds of climatic zones – some, such as the tropical jungle or the Sahara Desert, very extreme. And why does this matter? Simply because African societies that developed agricultural economies (current-day Zimbabwe, for example) found it much harder to expand, since their crops didn’t travel well, refusing to take root further north, by the equator – or even worse, in the Sahara. On the other hand, once the peoples of Eurasia discovered

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agricultural production, they expanded west or east almost at will. Their crops (wheat in particular) could be planted further and further afield, forming a single fairly homogenous farming realm from Lisbon to Shanghai. It was the perfect terrain on which to mount invasions – with one farming people hijacking another’s surpluses and adopting their technologies – and to fashion entire empires.

### *Another type of inequality*

Geographical conditions predetermined that Africa, Australia and the Americas would be colonized by Europeans. It had nothing to do with DNA, character or intelligence. To put it simply but accurately, it was all due to the shape and location of the different continents. But there’s also another type of inequality that geography cannot explain: inequality within the same community or country. To understand this kind of inequality, we need to talk about the economy.

Remember how agricultural surplus gave rise to the state and clergy? Its accumulation both required and led to an over-concentration of power, and consequently wealth, among the few who ruled over the rest – known as the oligarchy, which comes from the Greek words *oligoi* (‘the few’) and *arkhein* (‘to rule’).

It is easy to see how this is a self-perpetuating process: those privileged to have access to accumulated

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surplus are rewarded with economic, political and even cultural power, which they can then use to acquire an even larger share of the surplus. Ask anyone with business experience and they will confirm that it is much easier to make a million pounds once you've already got several million. On the other hand, if you've got nothing even a thousand pounds might seem like an unreachable dream.

So, inequality flourishes at two levels: first on a global level, which explains why certain countries entered the twentieth and twenty-first centuries dirt poor, while others enjoyed all the advantages of power and wealth, often secured by looting the poorer countries. The other level is within societies themselves, although it's often the case that the few wealthy individuals in the poorest of countries are wealthier than many of the richest citizens of wealthier nations.

The story I've told you thus far traces the origins of both types of inequality back to the production of economic surplus during humanity's first technological revolution – the development of agriculture. In the next chapter let's continue the story of inequality with the next technological revolution, which brought us machines such as the steam engine and the computer as well as the society you are growing up in, complete with levels of inequality that farming alone was incapable of achieving.

But before that a word of encouragement.

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### *Inequality as a self-perpetuating ideology*

When I referred to the clergy and its role, I mentioned how ideology works to legitimize the unequal distribution of surplus in everyone's eyes – both the haves and have-nots. It works effectively to the degree that it creates a web of beliefs, something like a mythology.

If you think about it, nothing is reproduced with greater ease than the faith of the haves that they deserve what they get. Since childhood you have been caught up in a vicious logical contradiction that you barely noticed. On the one hand, you were appalled by the idea that some kids cry themselves to sleep because they are hungry. On the other, you were thoroughly convinced (like all children) that your toys, your clothes and your house were all rightfully yours. Our minds automatically equate 'I have X' with 'I deserve X'. When our eyes fall on those who lack the bare necessities, we immediately sympathize and express outrage that they do not have enough, but we do not for a moment allow ourselves to think that their deprivation may be the product of the same process that led to our affluence. This is the psychological mechanism that convinces the haves and those in power (who are usually the same people) that it is right, proper and necessary for them to have more while others have much less.

Don't be too hard on them. It's incredibly easy to convince ourselves that the order of things – especially

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when it favours us – is logical, natural and just. But at the same time be hard on your own temptation to accept the inequalities that you, today, as a teenager, find outrageous. When you feel as if you're about to give in to the idea that outrageous inequality is somehow unavoidable, remember how it all begins: with babies born naked into a society that segregates those it will dress up in expensive outfits and the others, whom it condemns to hunger, exploitation and misery. Maintain your outrage but sensibly, tactically, so that when the time comes you can invest it in what needs to be done to make our world truly logical, natural and just.