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## The Great Divide

As we reach move towards the end of yet another decade, we find that the economic divide between communities, regions, countries, and continents is widening inexorably.

It has become unfashionable to speak of this increasing divide. Inequity is seen as a fact of life, and widening disparities are accepted as the temporary warp in the march to universal development. 'Trickle down' has transformed itself into 'pulling up' – the hyped up hope of the new millennium. Growth, 'Free' Trade, Liberalisation, and Privatisation would 'pull up' countries and continents out of poverty and deprivation ... very much like the so - called developed countries.

But **Jonathan Freedland** points out that the richest create nothing – not even invent a new product or contribute a tangible resource – a new kind of class system, the most obvious precedent of which is the “French revolution, where the gap between the extremely wealthy and the middle classes grew to be so acute that social unrest ensued.”

But for now, getting rich is the in thing. Creating its own set of problems – a clammer for those cherry-picked jobs that are ‘reserved’ for the meritorious professionals.

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 **Gandhi's Speech at Indian Institute of Science, Young India,** Vol. 39: June 4, 1927 - September 1, 1927. (The Hindu, 13 July 1927) [C.ELDOC1.0605/DD1-Gandhis-speech.html]

**It may be beyond passé - but we'll have to do something about the rich,** *Jonathan Freedland*, The Guardian, Wednesday, November 23, 2005. [www.guardian.co.in](http://www.guardian.co.in). [C.ELDOC1. 0605/DD1-3-gap-rich-poor.html]

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*Lucky*, Varavara Rao, *Circulated by email [C.ELDOC1.0606/DD1-varavara-rao-poem\_lucky.doc]*

**Varavara Rao's** recent poem "Lucky" puts into perspective this frenetic search for professional 'education' and big money in tedious jobs, coupled with living the good life, here and now and the devil take the hindmost.

It is in this context that we recall what one of our great thinkers and practitioners of transformation, **Mohandas (Mahatma) Gandhi**, had to say about this, nearly a century ago.

The divide is not acceptable. But this is not the whinging from the Left, nor is it a clichéd scenario of slums with skyscrapers on the skyline.

It is a call to examine the changing nature of the divide, which cannot be addressed by wild raving and the ranting of lunatic extremists - which actually is not wild, nor ranting nor lunatic in the first place. It was just pushed to the fringes, and labeled extremist.

Even a media darling like Medha Patkar is labeled as such. What is missed is that the need of the middle classes to consume more and more water, electricity, or concessional natural gas, tends to skew our sense of balance and what we consider the National or Gujarat's Interest - even if the NBA has repeatedly proved that no water is going to reach Saurashtra, and the only people to benefit will be those who grabbed the contract or shares in certain companies or lands - that is Development today.

So we need to do something different. Because unless this predominant discourse is debunked, not through rhetoric but concrete alternatives for the middle classes, they are not likely to storm the Bastille. ▶





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## Gandhi's Speech at Indian Institute of Science

I was wondering where do I come in? There is no place here for a rustic like me who has to stand speechless in awe and wonderment. I am not in a mood to say much. All I can say is that all these huge laboratories and electrical apparatus you see here are due to the labour—unwilling and forced—of millions. For Tata's thirty lakhs did not come from outside, nor does the Mysore contribution come from anywhere else but this *begar* world.

If we were to meet the villagers and to explain to them how we are utilizing their money on buildings and plants, which will never benefit them, but might perhaps benefit their posterity, they will not understand it. They will turn a cold shoulder. But we never take them into our confidence; we take it as a matter of right, and forget that the rule of "no taxation without representation" applies to them too. If you will really apply it to them, and realize your responsibility to render them an account, you will see that there is another side to all these appointments. You will then find not a little but a big corner in your hearts for them, and if you will keep it in a good, nice condition, you will utilize your knowledge for the benefit of the millions on whose labour your education depends. I shall utilize the purse you have given me for *Daridranarayana*. The real *Daridranarayana* even I have not seen, but know only through my imagination. Even the spinners who will get this money are not the real *Daridranarayana* who live in remote corners of distant villages that have yet to be explored. I was told by your professor that the properties of some of the chemicals will take years of experiments to explore. But who will try to explore these villages? Just as some of the experiments in your laboratories go

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on for all the twenty-four hours, let the big corner in your heart remain perpetually warm for the benefit of the poor millions.

I expect far more from you than from the ordinary man in the street. Don't be satisfied with having given the little you have done, and say, 'We have done what we could, let us now play tennis and billiards.' I tell you, in the



billiard room  
and on the  
tennis court  
think of the  
big debt that  
is being piled  
against you  
from day to  
day. But  
beggars  
cannot be  
choosers.

I thank you for what you have given me. Think of the prayer I have made and translate it into action. Don't be afraid of wearing the cloth the poor women make for you, don't be afraid of your employers showing you the door if you wear khadi. I would like you to be men, and stand up before the world firm in your convictions. Let your zeal for the dumb millions be not stifled in the search for wealth. I tell you, you can devise a far greater wireless instrument, which does not require external research, but internal and all research will be useless if it is not allied to internal research, which can link your hearts with those of the millions. Unless all the discoveries that you make have the welfare of the poor as the end in view, all your workshops will be really no better than Satan's workshops, as Rajagopalachari said in a joke. Well I

have given you enough food for thought, if you are in a reflective mood, as all research students ought to be.

In concluding, he [said that] they must keep the lamp of their love for the motherland and her children always bright, trim, and steady. And as they did that, so they deserved the knowledge and the advantage they were deriving from the Institute. ▶

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## It May Be Beyond Passé - But We'll Have To Do Something About The Rich

*Jonathan Freedland*

The gap between extraordinary wealth and desperate poverty is growing steadily wider in Tony Blair's Britain.

If you want to be deeply unfashionable, just read on. If you want to enter terrain so wildly out of date that mere mention of it has become taboo, then you've come to the right place. Brace yourself. Late last month two bankers strode into Umbaba, one of London's most modish watering holes, and asked the bartender to fix them a drink. Not any drink, you understand, but the most expensive cocktail he could concoct. He set to work, blending a Richard Hennessy cognac that sells at £3,000 a bottle, Dom Perignon champagne, fresh lemongrass and lychees - all topped off with an extract of yohimbe bark, a West African import said to possess aphrodisiac powers. He called it the Magie Noir - and he charged £333 a glass. The bankers ordered two rounds for their table of eight. Their final bill for the night: £15,000.

Those same men, or their colleagues, may well have invested £200,000 in a Bentley or Aston Martin, or they might have paid celebrity hairdresser Nicky Clarke £500 for what the salon describes as an "aspirational haircut". They are the customers sought by the London estate agent who offers a three-bedroom flat in Kensington as a "starter home" for £2.25m. They are the target readers of the newly launched Trader magazine, with its ads for private jets or five-storey yachts (complete with submarine).

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This is the world of the super-rich, financiers pulling in salaries and bonuses in the millions, and sometimes tens of millions, of dollars. They are partners in hedge funds and private-equity firms - buying, selling and gambling in jobs that most mortals barely comprehend. They spend money on vast estates or wild fancies. Sometimes the splashing out is literal: a favourite pastime is spraying champagne in the manner of a formula one winner. (In August one London banker fizzed away £41,000.)

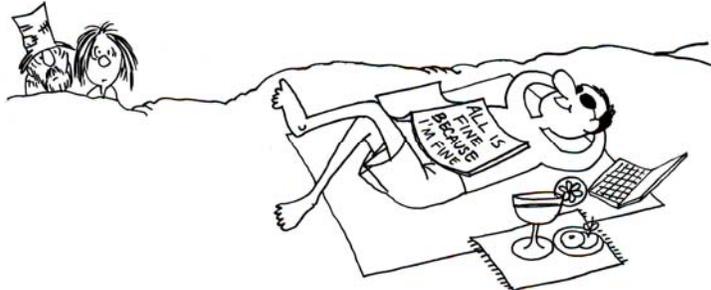
Nothing new in all this, you might say. The rich, like the poor, are always with us. But that would be wrong. Robert Peston, city editor of the Sunday Telegraph, estimates that this year no more than 200 to 300 hedge fund managers will carve up \$4.2bn of pure profit between them. These sorts of payouts are on a scale unimaginable in the past, at least outside the handful of individuals who either invented a new product or owned a tangible resource: Bransons or Rockefellers. That they should come, as regular as a salary, to those who, by their own admission, create nothing, is a new development. (And buying up once-public companies in their entirety is essentially a new field.)

It is the sharpest edge of a striking trend, one that shows the truth behind that lefty slogan about the rich getting richer. When Margaret Thatcher came to power in 1979, just under 6% of national income went to the top 1%. That figure stood at 9% a decade later, but under Tony Blair it has risen to at least 13%: a tiny group taking nearly an eighth of our collective wealth.

Does it matter? Some will insist not; only envy could make us begrudge a young man spending five figures on a drinks bill. As long as we're getting by, who cares if Joe Banker can buy a Ferrari the way the rest of us buy a pint of milk? In the years after Thatcherism and the fall of the Soviet Union, we're meant

to have moved on from such concerns. Only the tragically retro, those trapped in a Scargillite time warp wearing a Citizen Smith beret, still care about such things. When the prime minister was asked in 2001 whether it was possible for anyone to earn too much money, he caught the spirit of the age when he replied, "Not really, no. Why does that matter?"

I know it's frightfully old-fashioned, but I beg to differ. For the story about the £333 cocktails emerged in the same week as Shelter reported that children were being forced to sleep in kitchens, dining rooms and hallways because of cramped housing affecting 500,000 families in England alone. Of these, three in four said that the lack of space was damaging their children's education or development; many spoke of depression and anxiety. And the scale of the problem has remained unchanged since 1997.



To my mind, there is something deeply wrong here. If one man can spend £15,000 plying his pals with a syrupy cocktail, while another lays out blankets for his child to sleep in the kitchen, then we know the system is broken. This is not some narrow criticism of the Labour government, but rather a challenge to our assumption that we are a civilised society at all.

For we imagine such gross inequalities to come tinged in sepia. They belong to the Dickensian dark ages, a cruelty so distant we

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render it now only as nostalgic entertainment: Oliver Twist at the cinema, Scrooge on the West End stage.

But the truth is that the injustice of extraordinary wealth alongside desperate poverty is no museum piece. It is alive and present in 21st century Britain.

The United States got there first, of course. US economists and others have long been worried that their society is returning to the Great Gatsby days of the 1920s: they note that great mansions converted to public use, as nurses' homes and the like, after 1945, are now reverting to private residences once more, as if the pre-1929 plutocrats are back. You can see the same process in Notting Hill in west London: huge structures that would have contained 10 flats a decade ago restored to the single homes of the Victorian age.

It's not just lefty whingers, consumed with class envy, who are noticing all this. Leo Hindery, the multimillionaire chairman of HL Capital, told the BBC last year: "You're setting up a class system the likes of which we've never seen in the world. The most obvious precedent is the French revolution, where the gap between the extremely wealthy and the middle class grew to be so acute that social unrest ensued."

He may be on to something. Experts have long known that relative inequality, not just poverty, adversely affects the health of those at the bottom: by seeing those so much better-off than themselves, people feel excluded, even blaming themselves for failure. Others wonder about the prospects for social mobility when those at the bottom cannot even see the top. The evidence also shows that the spending habits of the super-rich trickle down, so that those with little money feel pressured to spend cash they don't have (a phenomenon reinforced by the Posh'n'Becks celebrity culture of constant, conspicuous consumption).

Talk to anyone in politics about this and they will look at you blankly: this is the deadest of dead letters. Labour won't touch it for fear of seeming like anti-wealth, socialist dinosaurs. Few years ago for a Maoist-style cap on salaries, but there are other options. One would be for everybody who has a pension to realize that they are, through their pension funds, shareholders in big companies - and can therefore demand a change in the behaviour that currently sends cash flowing into the pockets of the Magie Noir-swilling classes.

Another would be to raise the basic rate of tax on the very rich: not to the 80% or 90% that scared the Rolling Stones and their ilk abroad in the 1970s, but perhaps to 50%. If Labour can't stomach that, it could simply crack down on tax evasion: some of the very richest of the super-rich don't pay a bean in tax.

we need to start talking about it. Like wearing flares or tight tank tops, people will mock at first. But this issue's coming back - just watch. ▶

## **New Elite of Super-rich In Developing Nations**

*Hans Kundnani*

*The number of high net worth individuals has grown by 19 per cent in India.*

Developing countries are experiencing a rapid emergence of a new elite of super-rich individuals as their economies expand and mature.

A report published on June 20, 2006 shows that the number of "high net-worth individuals" (HNWI) increased by 21 per cent in South Korea, 19 per cent in India, and 17 per cent in

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Russia over the past year. These dramatic increases in individual wealth were largely as a result of booming stock markets – the Dow Jones South Korea Index gained 55 per cent in 2005, for example.

There was an even bigger jump in the number of "ultra high net-worth individuals" – those with financial assets of more than \$30 million. This exclusive club now has 85,400 members worldwide, an increase of more than 10 per cent. Together, these individuals, who represent 1 per cent of the richest 1 per cent in the world, control 24 per cent of global wealth.

The report suggests that the world's wealthiest are also able to get more for their money. What the report calls the "cost of living extremely well" – in effect, the cost of luxury items from jets and yachts to five-star hotel rooms and spa treatments – has not kept pace with the increase in wealth. ▶

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**New elite of super-rich in developing nations**, *Hans Kundnani*, Opinion, The Hindu, Thursday, Jun 22, 2006.  
<http://www.hindu.com/2006/06/22/stories/2006062203991100.htm>  
[C.ELDOC1.0606/DD1-new-elite-super-rich.doc]

## Lucky

Your agitation sounds creative  
Our agony looks violent

The beautiful roads  
Are all yours  
Whether you do a 'Rasta Roko'  
Or drive vehicles with 'save merit' stickers

We are bare-footed  
Sweat-stinking road rollers  
What if we built the roads?  
The merit of plan is yours  
The credit of contract is also yours

Well  
Media persons are 'merit' creatures  
Their camera hearts 'click'  
Their pens shriek,  
"Youthful brilliance"!

We sweep, we clean; our hands are brooms  
Our sweat is water  
Our blood is the phenyl  
Our bones are washing powder

But all this  
Is menial labor  
What merit it has? What skill?

Our births and deaths  
Except for census statistics,  
What use they have  
For the national progress?

You are lucky  
You are meritorious.

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– Varavara Rao