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# Western and ‘Restern’ worlds drift further apart

**We must close the huge historical imbalance between the rich and poor — but going to Davos is not the solution — something much more radical is required, writes Sampie Terreblanche**

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Picture: REUTERS

Why is the gap between rich and poor widening so fast, globally? The World Economic Forum leaders meeting in Davos, Switzerland last week had no structural or historical sense.

Growing income inequality, environmental damage and ever-higher financial-market risks have significantly impaired our ability to transform technological progress and wealth formation into a long-term sustainable developmental model.

We cannot hope to remedy the brokenness of our modern economic system without understanding the economic, social and political drivers that have brought us here, and that continue to dictate the narrative of institutionalised poverty and globalised inequality.

From 1500 until 1800 all the maritime empire-building countries were Western European nations engaged in empire building in the Americas, in Africa, in Asia, and (to a lesser extent) in Eastern Europe and Russia. The persistence of this phenomenon is the single most important factor in the Westernisation of the world.

Genocide characterised much of the Western expansion. As a consequence of European maritime empire-

building, the indigenous populations in the present-day US, Canada, Australia and New Zealand have been almost completely exterminated.

People of European descent populated these four former European colonies, while the culture, civilisation and religion of Western Europe were transplanted into them. All four were decolonised under conditions that encouraged their economic growth and the development of capitalist economic systems.

During the second half of the twentieth century, the US not only perpetuated the empire-building of the Western European countries. It continues to do so in a way that is conspicuously draining the countries in the Restern world.

Not all countries in the non-European world (the Restern world) became official colonies of Western countries, but all of them were directly or indirectly exploited and disrupted by Western maritime empire-building.

The Rest of the world — Latin America, Africa, Asia and Eastern Europe, including Russia — includes countries that are underdeveloped. Some have incomplete capitalist systems and many are not yet industrialised. The population of the Restern world (or the non-European world, excluding Japan) after 1500 was always more than 76% of the world population, and at present, 86% of the total.

The huge inequalities in the distribution of power, property, income and levels of industrialisation and education between the West and the Rest are undoubtedly among the greatest challenges that face our world in the twenty-first century. The inequalities emerged slowly over the period between 1500 and 1820, but increased dramatically in the 130 years from 1820 until 1950:

- While the West's share of World GDP increased from 18% in 1500 to 57% in 1950, the Rest's share declined from 78% in 1500 to 40% in 1950. From 1950 until 2003 the West's share declined to 43%, while the Rest's share increased to 50.5%. (Japan's share declined from 3.2% in 1500 to 3% in 1950 and then increased to 6.6% in 2003.)
- While the per capita income of the West increased from \$750 in 1500 to \$23,705 in 2003, the per capita income of the Rest increased from \$528 in 1500 to only \$3,816 in 2003.
- The per capita income of the Rest as a percentage of the per capita income of the West declined from 70.4% in 1500 to only 16.1% in 2003. Over the past 30 years the per capita income of Asia as a percentage of the per capita income of the West became somewhat greater than the 16.2% that it had been in 2003.
- The West's relative share of total world manufacturing output increased from 17.3% in 1750 to 73.0% in 1953 and then declined to 56.4% in 1980. The Rest's relative share in total world manufacturing (including handicraft manufacturing) declined from 73.9% in 1720 to 6.5% in 1953 and then increased to 12% in 1980.

The central question is: to what extent can we attribute (at least until the middle of the twentieth century) the lack of development — or the 'development of underdevelopment' — and the lack of industrialisation in the Restern world to Western empire-building, Western capitalism, Western industrialisation, Western industrial militarism and Western ideological propaganda?

The underdevelopment of the black/brown (mainly) non-European and (mainly) non-Christian people should not be judged — especially not by Western people — without taking into account the severity of the exploitation, repression and destruction directed at Restern peoples by Western empires, Western capitalism, Western industrialism, Western war-making and Western propaganda.

The spectacular development of the Western world vis-à-vis the underdevelopment of the Restern world could not have taken place without the West's preying parasitically and relentlessly on the people and the resources of the Restern world. In making this statement we are not denying the huge contribution the Western world has made to the scientific, cultural and economic progress of the world, and that the Restern world has also benefited

from this progress.

But when we acknowledge these contributions of the Western world, it is also necessary to emphasise that the Western world has remained largely unprepared to acknowledge that its spectacular progress would not have been possible without the exploitation, repression and destruction of the Restern world. We must never forget the important question of the West world's historic guilt with respect to the Restern world.

A wealth tax is vitally necessary to correct the apartheid legacy. The same is true internationally, even if the likes of Donald Trump are now doing the opposite by attracting more funds back to the West by lowering their corporate tax rates (from 35 to 21%), as he bragged about in Davos.

Matters are not helped by the intervention of the Brics (Brazil, Russia, India, China and South Africa) and other Restern countries in Africa to get hold of Africa's natural resources for their belated industrialisation processes.

The time must come for the correction of this imbalance, not by going to Davos and doing as the New York credit ratings agencies and Brics governments say, but by developing a counter-force based on sound moral principles. Redistribution of that looted wealth is one place to begin.

- *Terreblanche is a political economist*