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Poverty a challenge to globalisation

(background paper for the general discussion)

**prepared by
CEDS-Paris
&
Scientific Committee of The World Political
Forum**

Human history has always known poverty and suffering. However, today's poverty is a common feature of the daily life of millions of men, women and children across the globe and is particularly abhorrent because it exists alongside such tremendous wealth.

Our current model of world development is unsustainable. With the continuous development of the world's economy in recent decades the amount of wealth in the world has risen sharply. Modernisation and economic development have benefited important regions of the world and some densely populated countries namely China and India, as well as the region of East Asia. For the rest of the world it has left a wealthy West presiding over failed and failing states and the gap between the rich and poor is widening to unprecedented and potentially catastrophic proportions. **For billions of people in countries where their daily choices are about survival, globalisation is at best a dream and at worst a lie.**

Despite the promised political benefits, neither the end of the Cold War, nor trade liberalisation and globalisation have delivered peace to a significant proportion of the world's population. It appears that globalisation as such contains no inherent principles of international order and social justice.

It becomes a facet of the new world disorder, adding to the political confusion and revival of old conflicts that followed the end of the Cold War: disputes over trade, uneven development, social rifts and higher environmental risks. These have caused the promise of sustainable development to be broken and show the inability of the international community and its political elites to provide convincing answers to the unprecedented challenges of the nascent new world. **Never before have we had such demographic, economic, social and ecological imbalances.**

The phenomenon of modern poverty was recently redefined by the World Bank in its 2001-2002 annual report. Poverty now means not only low income and low consumption, but also the lack of any chance to receive education compounded by the prevalence of malnutrition and poor health conditions. Even the so-called democratic societies are seemingly structured to exclude the poor from full participation in society. With the gradual development of the world economy, absolute poverty will hopefully be reduced (probably with some exceptions), while relative poverty may even grow.

In the already foreseeable future, this situation presages **the prospect of major social and political tension, increased security risks and the progressive deterioration of the human environment for the entire world.**

I. Review of world poverty: an alarming picture

The exploration of the roots of poverty means coming face to face with inequality. Traditional, historical forms of inequality, first of all, that have gradually been compounded by newer forms.

A. Poverty as a manifestation of historical inequality

Since the end of the 20th century, the criteria for evaluating forms of inequality have been informed by the methods of human geography (population distribution and movement) which rely heavily on the observation of demographic indicators (mortality rate, life expectancy, infant mortality, fertility, access to healthcare provision etc.), and by economic analysis (per capita GDP, national income per inhabitant, consumption of staples and necessities, access to wealth distribution and so on), as well as health indicators (general health, access to healthcare provisions, access to water). This approach to measuring forms of inequality highlights the foundations of poverty.

Demographic contrasts

The northern hemisphere is home to 90% of the world's population. Eurasia accounts for 75% of the human population concentrated in 1/7 of the planet's surface. Five nations account for just under half the total population. From country to country, coastal regions are usually much more densely populated than more hostile hilly or mountainous inland areas. This leads to teeming masses of people living in some areas compared with very low population levels in mountainous areas or desert regions.

From 1750 to 1800, the world population grew by 0.4% a year. A century later (1850-1900), the population was growing by 0.5%. From 1900 to 1950, despite the two World Wars, the growth rate rose to 0.8% a year, and reached a record 1.96% from 1970 to 1975. Forecasts for the period 2005-2010 suggest that there may be a slight slowdown, with an average growth rate of 1.3% a year.

According to the forecasts, the breakdown of this growth by continent shows Europe's population (excluding Russia) growing by 0.1%, North America's by 0.5%, Latin America's by 1.5%, Asia's by 1.2%, and Africa's by 2.7%. However, it must be remembered that in the period 1950-2000, the world's population practically doubled, and that the population of Asia alone increased by two billion.

In the years to come, three geographic regions will become increasingly significant on the world stage, namely, Asia (excluding the former USSR), Africa and Latin America.

- **Asia** is home to 3.7 billion people, and includes the world's two most populous countries, China (1.3 billion) and India (around 1 billion). Due to China's restrictive birth rate policy, the country's overall population as a percentage of global population has decreased.
- **Africa** has a population of almost 750 million inhabitants. The region has the highest annual population growth rate in the world *and* the lowest economic indicators on the planet.

- **Latin America** still presents a strong population growth rate but there are signs that the birth rate is stabilising, particularly in the continent's more westernised and modernised countries.

It is possible to envisage a new demographic panorama for the year 2025, largely due to population redistribution. Europe (the "Old Continent") will experience very limited growth; North America and the former USSR will experience growth of 0.6% and will represent only 15% of the world's population (whereas in 1950, the two regions were home to a third of humanity).

In 2025, Latin America will experience average growth, while in Asia the population of India will grow more quickly than China's. Africa will be more populous than China, and will continue to experience the world's highest population rate growth. **Asia and Africa together will account for ¾ of the total human population of the planet.**

The world population is, on the whole, relatively young, as there are more than 2 billion children under 15 years of age. There are, however, considerable differences between the populations of rich countries (where young people make up less than 20% of the population and old people account for 15%) and those of poor countries (35% young people and less than 5% old people). In general, 40% of the world's old people live in rich countries, whereas young people under 20 live for the most part in poor countries.

Sub-Saharan Africa presents the highest proportion of young people, followed by North Africa, East and South East Asia, and by Latin America. The world's oldest populations are to be found in Western Europe and Japan. These countries already have to face the problems arising in connection with their aging populations.

Aging populations can have considerable economic side effects, which may even jeopardise the more material results of wealth accumulation in the developed countries. Aging usually leads to a decrease in economic growth and an increase in the cost of looking after older citizens which in turn may damage, if not undermine completely, social support and healthcare systems already in place.

Countries with younger populations, on the other hand, seem to be undergoing a rush to modernise and develop their economies. This is often accompanied, however, by the concomitant spread of underdevelopment and the aggravation of social inequalities in certain segments of the population and in certain parts of the countries in question.

The cost of educating young people in these countries is so high that it is difficult to envisage improvements in the living conditions of the population as a whole. The poor living conditions and lack of employment opportunities usually drive young people to move elsewhere, to places where they are able to enjoy the benefits of more equitably distributed, longer-lasting economic growth. This phenomenon produces **waves of migration** (both legal and illegal) which entail grave economic, political, and social consequences both for the countries which take in these new nomads and for those societies which lose their creative and productive lifeblood.

Integration into the job market is also increasingly difficult for immigrants, especially for women, for whom more effort needs to be made in order to break through taboos or habits which have no place in consumer societies.

It is worth noting that remittances sent “home” by emigrants constitute one of the major sources of finance for developing countries, as is the case for India, Mexico, Egypt, and Algeria, for example. Some claim that for black Africa, the amount of money officially sent home by emigrants outstrips the volume of development aid and funds from direct foreign investment.

Finally, there is the issue of the migration of highly-skilled workers. These highly-qualified people head for the United States (400,000), Japan (130,000), Canada (90,000), the United Kingdom (40,000), Australia (30,000), and Germany (12,000). This brain drain may well be very beneficial for the new host countries, but it deprives the countries of origin of a group of workers that is absolutely vital to their development.

Inequalities in wealth distribution and in access to wealth

A comparison of world population distribution and wealth distribution shows that wealth is more concentrated than population in certain parts of the world. In other words, peaks in population density and wealth concentration do not correspond. Globalisation is further blurring the relationships between wealth distribution and population concentration, without of course forgetting the historical North-South divide.

Over the last fifteen years, economic growth has contributed considerably to narrowing the North-South gap, even if Africa has been largely left out of this development and five nations still account for almost 60% of the world’s GNP. The European Union is the world’s largest economic force, despite its structural weaknesses which for the time being condemns it to playing a marginal political, military and diplomatic role.

The population of the 49 least developed countries is 630 million, which is 10% of the world’s total population, yet the total income of these countries is less than 1% of the world’s total. The per capita GDP of these countries is \$ 235, compared with \$ 25,000 in the developed countries, which is over 100 times greater. **The total property of the 225 wealthiest persons in the world is \$ 1.3 billion, which is comparable to the total income of over half of the world’s population.** On an individual level this means that the wealth of one of these persons included in this list of 225 is equal to the annual wages of 30 million people.

Four and a half billion people live on less than a dollar a day. Thirty to fifty thousand people die every day due to malnutrition, lack of access to clean water and health provision along with the basic means of subsistence. Half of the human population living on less than 2 euros a day lives in the most abject misery imaginable. Even if the gap is narrowing in some regions of the world, the poorest countries continue to be poor and are joined by countries from the former USSR. **For fifteen years, per capita GDP and national income per inhabitant have decreased sharply in 54 countries which together account for 12% of the world’s population.**

Inequalities in access to water

Water is going to become a major planetary issue in the next twenty-five years, especially in areas which are poor in water resources and which in all likelihood will have to make room for two billion more people.

Water is distributed very unevenly over the earth's surface, and more than 100 countries (45% of the world's population) are facing a water deficit. 10 of the world's most privileged countries use 60% of the planet's resources. What is more, certain humid tropical countries have to deal regularly with disastrous floods, as is the case for Bangladesh.

Water is also unevenly distributed over time. Sudden changes in climate are having an increasingly serious impact on human affairs, due to drought, typhoons, and floods. Some experts have gone as far as to assert that the planet is about to enter a new climatic era.

Growth in population and strong economic growth in certain countries mean that more and more water is used, which in turn endangers water reserves and leads to deterioration in the quality of water itself.

It should be remembered that water is also a contributing cause of a number of diseases, or acts as an aggravating agent, as in the case of dysentery, bilharzia, amoebic dysentery, cholera, dengue fever, or malaria.

Today, water is used across the planet in the following ways: agriculture (70%), industry (22%), and household use (8%). As water resources are often shared between nations, because river basins are often international, water is clearly the cause of many conflicts.

Since the Mar del Plata International Conference in 1977, hundreds of conferences and seminars have tackled the issue of water management. In its Millennium Declaration, the UN General Assembly declared that it was absolutely vital to halve the number of people in the world without access to drinkable water by 2015. The World Summit on Sustainable Development held in Johannesburg in August and September 2002 went further and declared that it was also necessary to reduce by half the number of people without access to basic sanitation and healthcare provisions.

The growing awareness of water-related problems was consolidated at the third World Water Summit, held in Kyoto, Japan, in March 2003. There was considerable international consensus on the importance, and understanding of the gravity, of the issues involved.

It is not unreasonable to suppose that in **the next twenty years world water consumption will increase by 40% and that the proportion of the world's population affected by water-related problems in 2025 will be seven times what it is today**. That is why everything possible must be done to ensure that before that date some 3.5 billion people gain access to drinking water and to normal sanitation and healthcare provisions.

The IMF created a working group to study ways "to make everyone pay for water". The G8 Summit at Evian in June 2003 adopted a plan of action for water designed to consolidate the international co-operation agreement signed by the UN and the EU at the 1992 Helsinki meeting.

Inequalities in sanitation and healthcare

There is a global chasm of access to health, and peace whereas the right to healthcare provision is inscribed in the list of Essential Human Rights.

Poverty and bad sanitation interact in a spiral process made worse by the absence of any proper system of social protection. Pollution and wars – with the population displacements they provoke – contribute to the spread of pandemics which in turn compound the population's wretched conditions.

There has been an evident trend of improvement in the health of the inhabitants of poor countries over the past ten years. Considerable progress has been made in education about serious infectious diseases such as poliomyelitis. WHO and UNICEF continue their efforts to extend the availability of vaccinations.

Nonetheless, just as it remains the case for food and nutrition, there are still alarming inequalities in the North-South divide in terms of healthcare provision. (There are growing inequalities among countries in the North, as well.) These persistent problems hinder development efforts. 72% of the world's population lives in developing countries, which account for 7% of medical sales. 33% of humanity has no access to medicines, and in some countries in Asia the figure is more than 50%.

Public expenditure in healthcare per person in countries in the North is in the order of 2,500 euros a year. In the poor countries the figure is closer to two and a half euros a year. So, rather than having been materially improved, the situation is more worrying than ever. Certain scientific advances benefit countries in the North only, and completely exclude the South. As treatments become more effective, it is even more unjust that so many people have no access to healthcare provision.

200 million people now live in countries where the average life expectancy is less than 45 years. In the world's poorest countries, one child in five will not reach the age of five, mainly because of infectious diseases. Each year, 20 million women experience pregnancy-related health problems, and 8 million of them face life-threatening situations as a result.

Infectious and parasitical diseases are responsible for 14 million deaths every year. Five diseases alone account for 90% of all deaths by contagious disease, namely AIDS, malaria, tuberculosis, infections which cause diarrhoea, and measles. Furthermore, a number of these diseases are connected to a high morbidity rate and are responsible for a great many cases of invalidity.

The surge in world population growth and the rise of huge mega-cities with their underworlds of outcasts, migrants, and social misfits, fosters the emergence and re-appearance of disease. Globalisation also accelerates the spread of certain diseases, as was the case with the astonishingly rapid spread of SARS during the winter of 2002/2003.

Diseases travel and bacteria are more resistant. Thanks to globalisation, germs move around freely, and viruses travel at the speed of tourists. They spread cholera, yellow fever, flu, and, of course, AIDS. It is well worth underlining the extent of the inequality in healthcare provision as far as HIV is concerned, as it is emblematic of the situation. **There are currently around 50 million HIV-positive sufferers in the world; 95% of them live in developing countries.**

30 million people have died, and 15,000 new cases are reported every day. In the West, AIDS causes 25,000 deaths every year, and 500,000 people receive treatment every day. In Africa, on the other hand, only 50,000 people receive treatment, while 2 million people die every year as a result of the pandemic.

In more general terms, according to a report by the UNDP, two and half billion people have no access to basic health and sanitation facilities. Africa accounts for 90% of all malaria cases (2-3 million die because of malaria every year), and 50% of all tuberculosis cases are recorded there.

At the end of the 19th century, in an attempt to protect themselves from the economic consequences of illness and health-related problems, certain Western European countries introduced some form of health insurance. In developing countries, only a small proportion of the population (government employees, civil servants, members of the military, and workers in the private sector) has healthcare insurance. Payments are taken directly from their salaries.

For the most part, rural populations and workers in the informal economies of the cities (the “grey” or “parallel” economies) are excluded from healthcare provision against diseases. These people try to pay for treatment by means of solidarity networks (their families or co-nationals). Members of these family or ethnic groups tend to help each other out and pool financial resources in an effort to look after each other when members find themselves in financial difficulty. But the system’s limitations are soon reached as money is simply too scarce to deal with all of the members’ needs.

Private healthcare insurers do not include these two groups in their schemes because of their insolvency. In the South, neither the State nor the private sector provides sufficient cover in terms of healthcare for the most socially excluded members of society. The abject poverty of these peoples leaves them so vulnerable that at times they express their needs with a sense of difficulty, of resignation, even of humiliation.

A thorough understanding of the South’s needs in terms of research and healthcare is essential. Without such understanding, interventions risk being inappropriate, misguided, ineffective and perhaps even harmful. This issue is not limited to the South alone. The difficulties which countries in the North experience in trying to set their own research and healthcare priorities give some idea of the extent of the effort developing countries must make towards the same end.

In 1999, Médecins Sans Frontières launched a worldwide information campaign on just what was necessary to make essential medical treatments available everywhere. Their message was boosted by their being awarded the Nobel Peace Prize two years later. OXFAM and other NGOs have also promoted information campaigns to raise awareness in the international community.

For some years now, access to healthcare provision has been on the agenda at every major summit meeting (G8, WHO and others) and is regularly discussed at the international level. Politicians have also begun to pay attention to the healthcare issue. The fact that the right to healthcare is no longer seen as something to be dealt with only by the WHO is a sign of growing commitment from the international community as a whole. On 17 May 2001, the UN Secretary-General proposed the creation of a Global

Health Fund, with a suggested 7 to 10 billion dollars in annual funding to fight AIDS, malaria and tuberculosis. The funds collected so far have been modest, but the fact that the fund exists at all and the campaigns it has already conducted are an important indication that progress is being made in the fight to stamp out pandemics.

At the WTO summit in Doha, delegates acknowledged the possibility of “breaking” a patent in crisis situations, such as the AIDS pandemic in Africa. Following 30 August 2003 (the Cancun Summit), the WTO has allowed for a new, legal, supply mechanism for patented medication. Countries which cannot produce drugs under licence can, in times of health emergencies, have them made in another country to answer their needs.

AIDS, malaria and tuberculosis are not the only burdens on public healthcare systems. Asthma, cancer, and heart disease are as prevalent, if not more so, in poor countries as elsewhere. The latest report on worldwide health presented by WHO director-general Dr Lee Jong-Wook states that, **“inequalities in health and sanitation are digging an ever widening gap between the world’s populations.”**

Cutting-edge technological advances produce further inequalities in healthcare provision to the detriment of the South. In the North, opportunities available to the poor do not correspond to the levels of investment in medical research and public healthcare.

Poverty, the lack of education and instruction – especially among women who play a fundamental role in family health – the absence of hygiene (especially in those countries which are constantly afflicted by crises) and certain socio-cultural aspects also go some way to explaining these deficiencies.

Thus, some accumulate wealth, while others are left to fend for themselves. This global dichotomy gives every sign of becoming more generalised and indeed of leading to even further inequalities.

B. Poverty as a consequence of new inequalities

The criteria used to measure inequalities are also cultural, such as access to education, literacy, the level of instruction, and more recently access to Information and Communication Technologies (ICT). The criteria are also financial when they translate foreign investment into concrete terms.

Inequalities in access to information

There is a rarely raised issue regarding information: the issue of access and accessibility. Is the information on offer available to everyone, or, at least, as easily accessible as possible? When accessible by the majority, is it still an effective means of combating poverty, whatever form it may have?

The findings of the Geneva World Summit on the Consumer Society showed that:

- the imbalances in the North-South divide in terms of information and communication resources are all too striking;
- such imbalances are all the more present in countries in the South;

- the debate on the global information society had up to that point involved only countries in the North.

MacLuhan's 1960s idea that the world would become a global village is just a myth. It is true that the globalisation of communication has been the prerogative of the North which has excluded, or failed to deter the exclusion of, Third World countries from the process. By way of example, the Vice-President of South Africa was in a position to declare at the end of the 20th century that, "there were more phones in Manhattan than in the whole of black Africa."

Today, we are compelled to acknowledge **the existence of the "info rich" and the "info poor", and to recognise that access to education and to information continues to be particularly uneven, both across the North-South divide, and among countries in the South, where such inequalities are certainly more tangible.** This finding, which seems unquestionable, comes up against a number of different truths. For each individual, information is only worthwhile if he or she has learned how to use it. Information is only empowering for those who, after having understood and interpreted it correctly, actually have the means to put it to good use to change their situation, or to govern differently.

The real battle is the fight to enhance people's abilities to express their ideas and to expand their opportunities to have access to the ideas of others; and at the same time, the fight against all forms of discrimination, both on the part of the people who speak and the people who listen to them.

In other words, it is the battle, fought again and again, and never won, against the root cause of all inequality: the inequality in the right to express freely one's thoughts to others, and to have free access to what other people think. The media, the press as much as the radio, Internet and television, form a kind of parallel schoolroom, a place of further education after school or alongside school.

Inequalities in Foreign Direct Investment flows

According to UNCTAD, world FDI stock held by 64,000 transnational companies (TNCs, defined as companies having production operations in at least two countries) and 870,000 foreign subsidiaries and affiliates stood at just over 7 trillion dollars in 2002. Two thirds of this was held by developed countries, with 3.4 trillion dollars held by the EU, and 1.5 trillion dollars by the USA.

After reaching record levels of 1.3 trillion dollars in 2000, FDI flows dropped sharply over the following two years to reach 651 billion dollars in 2002, or the lowest level since 1998. In 2003, FDI flows were broken down as follows: 467 billion dollars to developed countries, 156 billion dollars towards developing countries, and 30 billion dollars to CEEC.

Investment flows were not evenly distributed among developing regions and countries. The Asia-Pacific region remained at the top of the list of recipient developing countries. In this group, China has become the number one destination in the world for inbound FDI (if we exclude Luxembourg, which is a special case). On the other hand, **Africa has**

been particularly badly affected. Inbound FDI dropped dramatically from 19 billion in 2001, to 11 billion in 2002. FDI decreased in 23 of the continent's 53 countries.

Forecasts by experts for the period 2004-2007 show that there will be three major destination for FDI, namely China, India and the United States. Other destination countries will be Thailand, Poland, the Czech Republic, Mexico, Malaysia, the UK, Singapore, and South Korea.

A decrease in incoming FDI and an increase in competition have led developing countries to accelerate the liberalisation of their respective national FDI regulations. Against an international background where competition is becoming increasingly important, there is a notable increase in incentives to attract foreign investors.

Table I.8. Changes in national regulations of FDI, 1991-2002

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Number of countries that introduced changes in their investment regimes	35	43	57	49	64	65	76	60	63	69	71	70
Number of regulatory changes of which:	82	79	102	110	112	114	151	145	140	150	208	248
More favourable to FDI ^a	80	79	101	108	106	98	135	136	131	147	194	236
Less favourable to FDI ^b	2	-	1	2	6	16	16	9	9	3	14	12

Source: UNCTAD, based on national sources.

^a Including liberalizing changes or changes aimed at strengthening market functioning, as well as increased incentives.

^b Including changes aimed at increasing control as well as reducing incentives.

Source: UNCTAD, *World Investment report 2003. FDI policies for Development: National and International Perspectives*. Table I.8

Alongside increasing flexibility in legislation, there has also been a spectacular jump in the number of BITs. These treaties involve as much as 7% of all FDI stock.

There are currently 2100 treaties in force among different countries which aim to:

- encourage respective investment;
- offer guarantees of investment protection;
- ensure equitable treatment for all investors;
- develop non-discrimination among investors;
- ensure rapid and adequate indemnification in case of expropriation;
- guarantee the free transfer of investment income;
- implement an appropriate legal framework to settle disputes.

As yet there is still no such thing as a global multilateral agreement on investment (MAI) for foreign investments (as is the case for international trade). The few agreements which are in force concern but a few specific aspects, such as investment guarantees (Seoul Convention of 12 October 1985) and the settling of disputes (the Washington Convention of 1968 March 1965).

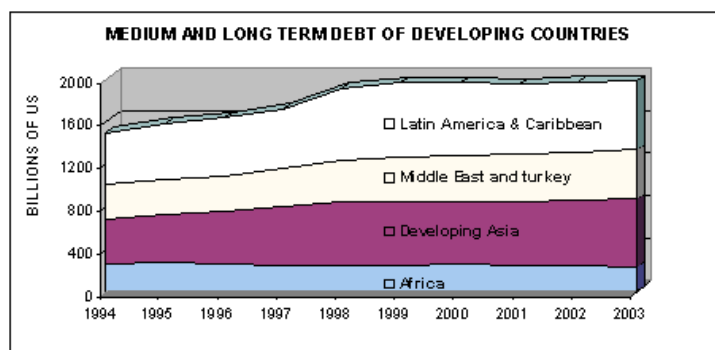
Discussions on the MAI project begun in April 1995 by the OECD were suspended in April 1998 because of disagreement among member countries. The project was, at the time, the first major attempt to draw up a global multilateral agreement that would cover all aspects of international investments. But the project ran into a number of structural controversies. Some saw it as a threat to national sovereignty, as it would favour international investors over investors in the receiving country. The same opponents held that the OECD (the club of the world's most developed countries) was not a suitable

seat of negotiation for the drawing up of a multilateral and global framework for international investments.

It is increasingly obvious, however, that such a framework needs to be drawn up and implemented. The lack of such a framework, according to some experts, encourages developing countries to throw themselves into “destructive competition” in order to attract foreign investments. **Perhaps the WTO should become the new reference point for negotiations on international investments?**

Large debtors : a growing concentration

As of May 2004, the total debt of the developing world can be estimated to be approximately \$ 2,840 billion, out of which about three quarters is medium to long-term debt, the balance being owed at less than twelve months. Of this medium to long-term debt of about \$ 1.9 trillion, about seventy percent is either public, or public-guaranteed. These \$ 1.35 trillion of public debt are owned essentially by private creditors (44%), followed by bilateral (33%) and multilateral creditors (23%). According to the IMF’s September 2003 World Economic Outlook, the medium and long term debt of developing countries, excluding transition economies, has increased as follows over the past eight years :



Source: *International Monetary Fund*

The growing concentration of international debt is mirrored in the IMF’s debtors accounts. By December 2003, almost three quarters of all outstanding IMF credit was owed by the same three countries – Brazil (\$ 28.1 billion), Turkey (\$ 23.7 billion), and Argentina (\$ 15.8 billion).

Over the last decade, developed-world interest rates dropped twice, sending investors to the developing world in search of relatively higher yields, thus allowing developing countries to finance themselves at cheaper rates. Just four years ago, former US Secretary of the Treasury Nicholas F. Brady, who served under presidents Ronald Reagan and George Bush, declared that his plan, which had been instrumental in defusing over \$ 1.3 trillion of the Third World debt crisis in the 1980s, was now, in his own words, “obsolete”.

Indeed, after having refinanced nearly all their debt with new money borrowed under the Brady Plan at much cheaper rates, Mexico, Brazil and Argentina were now swapping their own Brady bonds against newly issued 40-year debt. Brady bonds, which are backed up by the collateral of US treasuries, had become the largest asset class of developing-

country debt in international financial markets but they were now being swapped against new forms of debt. The debt-swap party is now over. Amid deepening bond- and emerging-markets turmoil, a number of countries are now showing difficulties rolling over their domestic and international debt.

One of the issues faced by developing countries facing economic difficulties is that, once creditors perceive a growing risk of not being repaid, they adopt policies that tend to compound the problem. Facing such situations, most creditors will refuse to extend loans that have matured. They may also sell the debt at a discount, thus prompting even more concern in the ailing economy. An international Chapter 11 would address these issues by giving the ailing entity “breathing space” by suspending all payments except to tax authorities.

Now, would an international Chapter 11 work? One of the issues in setting up an international Chapter 11 is the growing concentration of international debt, both in the hands of creditors (fewer and fewer very large international banks) and from the point of view of debtors, essentially three: Brazil, Turkey, and Argentina.

The growing concentration of IMF and other debt in these three large debtors poses a serious challenge to the international community, one that traditional debt-relief mechanisms are, unfortunately, unable to cope with.

In the fall of 1999, the International Monetary Fund and the World Bank adopted the *enhanced HIPC initiative*, aimed at accelerating the delivery of assistance under the 1996 Highly Indebted Poor Country Initiative, and linking debt relief to poverty reduction. Boosted by intense interest and participation from debtor and creditor governments, the G-7 and other creditors, donors, churches and NGOs, the HIPC Initiative is now endorsed by some 182 governments around the world. Indeed, the HIPC Initiative is still considered the best instrument available to provide poorer countries with a solution to escape the debt trap.

The HIPC Initiative involves a first, three-year stage in which the HIPC country works in co-ordination with the IMF and World Bank experts to establish a “record of good economic policies and governance”. At the end of these three years, the IMF and World Bank determine whether the levels of debt are sustainable. For countries whose debt levels are still deemed “unsustainable” after full use of the existing debt relief mechanisms, a package of debt relief is identified, to be provided at the end of the second three-year period of Good Policy Performance.

Total assistance committed to the original seven HIPC countries under the 1996 framework was a mere \$ 3.5 million in net present value terms. By December 2002, enhanced HIPC relief packages had been applied to ten countries, amounting to \$ 6.3 billion in net present value terms. The ten countries that the IMF considered as “having reached their decision point and most benefiting from assistance” from the enhanced HIPC package are: Benin, Bolivia, Burkina Faso, Honduras, Mali, Mauritania, Mozambique, Senegal, Tanzania, and Uganda. Two more had reached their HIPC decision points under the original 1996 framework: Cote d’Ivoire and Guyana, and seven more were “under preliminary reviews under the enhanced framework”: Cameroon, Chad, Guinea, Malawi, Nicaragua, Rwanda, and Zambia.

The International Monetary Fund and the World Bank have approved debt-reduction packages for 27 countries, 22 of them in Africa, under the enhanced HIPC Initiative. These packages have provided debt service relief of over \$41 billion (\$25 billion in net present value terms). Together with other debt relief mechanisms and bilateral debt forgiveness, the enhanced HIPC Initiative has allowed a nearly fifty-percent debt reduction in net present value terms, and in relation to both exports and government revenue. As the Fund noted, “before the HIPC initiative, eligible countries were, on average, spending slightly more on debt service than on health and education combined. This is no longer the case in the 27 countries receiving HIPC relief.”

It remains to be seen whether the large majority of heavily indebted poor countries, which are either recovering from war, domestic strife, or poor governance, can make progress under the Initiative. In particular, the IMF criterion of 20 to 25% for the ratio of debt service to exports seems unworkable from the point of view of several poor countries. In the view of the New Economics Foundation, “Debt sustainability under the HIPC initiative should be assessed not in relation to arbitrary debt-to-export criteria, but to the resources needed by each country.” For the majority of poor, indebted countries, the HIPC Initiative has yet to bear fruit.

C. Poverty in Africa

At the beginning of the 1960s, the literature depicted Africa and South-East Asia as being in similar conditions. In the words of René Dumont, both regions “were off to a very bad start”. Africa at the time, unlike Asia, had strong agricultural potential, natural resources, and had experienced a relatively non-violent period of decolonisation. Although there is no justification in comparison, it is true that the abyss that separates the regions today only serves to highlight the abject poverty of Africa compared with the rampant dynamism of Far Eastern Asia.

Using improved agriculture as the means to achieve self-sufficiency, and by rapidly developing industry, this region now boasts a GDP per inhabitant of \$20,000, according to figures from UNCTAD. In Africa the figure is \$680, or thirty times less. However, Africa received substantially more aid over the same period, but did not engage in agricultural diversification, nor did it improve the industrial sector, nor did it develop efficient intra-African cooperation due to a lack of “complementarity” between different countries. There are other less tangible factors which must also be taken into account, of course, but the fact remains that over the last fifty years these two regions of the world have developed at strikingly different rates and in strikingly different ways.

Sub-Saharan Africa provides the most striking example of extreme poverty in the world. **In 1975, the per capita income of sub-Saharan Africa was 1/6 of that of OECD countries, while today the ratio is 1/40.** Out of the forty six sub-Saharan countries, thirty four are classified by the OECD as Least Developed Countries (LDC) and twenty three are registered by the Bretton Woods institutions under the category of Highly Indebted Poor Countries (HIPC). Despite global growth of 3 % in the past four years, the IMF notes that half a century would be required at constant rates for sub-Saharan Africa to reach the average level of income of most developing countries.

Examining the continent’s demographic dynamics (with a total population of only 650 million inhabitants), one can see a process of structural impoverishment. **In Africa 7,000 lives are lost each day because people cannot get access to medicines for**

HIV/AIDS that we can in the west. Global research into health is aimed at diseases of the rich nations rather than those of the poor. There are many, complex and often complicated explanations for this. Although the factors are largely well identified, the remedies are taking time to become effective.

Africa's history has been marked and marred by dozens of wars over the past ten years, wars which not only have prevented any economic takeoff but have also forced whole populations into abject poverty. Sub-Saharan Africa has been convulsed by wars since the various countries became independent. Analysed for a long time as "proxy wars", conducted in the name of East-West rivalry, after 1989 these revealed themselves to be African wars. These constant struggles for power, the separatist movements, ethnic and religious conflicts, acts of pillage and predation have their roots in a myriad causes, which are often interlinked.

Other very serious causes and symptoms of conflict, such as the use of mercenaries and private armies and the deployment of children as soldiers, are gradually becoming more frequent. Such phenomena lead to syndromes whose full effects will only be identifiable in the long term. Using private armies drains financial resources, which often results in development and structural funds being "hijacked" for other uses. There is also an increase in illegal trafficking and conflicts to take possession of resource-rich areas (diamond fields, for example). In human terms, **entire populations of young children, their worlds already completely overturned by war (as in Sierra Leone or Liberia), are sucked into child-armies. These children, cast adrift, deprive their countries of an irreplaceable resource for future development.**

Democracy does exist in Africa; Senegal, Mali, South Africa are very clear examples. This aptitude for democracy is a fundamental condition for fostering development. The validity of transferring models from one region to another, from one culture to another is, of course, open to question, but it is evident that the viability of any political system rests on the willingness of a majority of the population in question to accept it. Creating the framework for political stability remains an essential step towards nurturing development.

The 17 attempted coups d'état (two of which were successful) that have been reported on the continent since 2000 clearly indicate that these conditions do not yet exist and go some way to explaining the phenomenon of widespread pauperisation. Political stability depends to a certain extent on the rehabilitation of the role of the State and of the political elites. In many African countries, the "State" corresponds to what little power the leader manages to exercise in his own capital, while the rest of the country lies beyond the reach of legitimate authority and becomes a kind of lawless zone. The rehabilitation of political elites requires them to forego some of their more entrenched practices, such as time-wasting and systemic institutional corruption and cronyism, which only lead to poverty.

The primary and secondary level education system in Africa is afflicted by a chronic shortage of resources. The lack of education and civic training for young people deprives them of the capacity to contribute to the development of their country and, what is more, contributes to the sources of the spread of poverty. When schools do exist, they usually have no resources and do not correspond to parents' aspirations for their children. National spending on education is very limited, teachers are poorly qualified and their salaries almost inexistent. To this must be added the traditional cultural view

that children should be sent to work as soon as they are old enough to make money, which leaves them very little time for study.

The international community is well aware of the challenges involved. Since the Biafra War in the 1970s first brought the dramatic situation in Africa into the world's living rooms, and up to the current humanitarian catastrophe in Darfur, the results of over thirty years of development aid to Africa are far from encouraging. The reasons for this failure are to be found in different quarters.

The international institutions (and consequently the rich, developed countries) in charge of aid programmes have more often than not been out of step with the reality of the situation in Africa. Structural Adjustments Plans were imposed artificially for decades, without taking into consideration many of the continent's specific characteristics. While public aid (bi- or multilateral) tends to diminish, the IMF tells sub-Saharan countries that they should spend less money than they actually have.

The responsibility also lies with the African states in that the majority of funds are “used badly” when they do not “disappear” altogether. It is a cause for alarm to note that **in sub-Saharan Africa the percentage of national budgets allocated to defence spending is among the highest in the world, especially as this is not reflected in any improvement in security in the region.**

Moreover, the choices of development strategies made by African countries have not always been the most judicious. Of course, there has been an increase in the conferences, round tables, initiatives and plans to fight poverty in the past few years. At the same time, however, finances have dried up and the degree of private investment in Africa has remained negligible. The New Partnership for Africa's Development (NEPAD), the merger of President Wade's OMEGA project and President Mbeki's MAP project, was launched more than three years ago and is still very much at the project stage. Supported by the international community, and backed by financial partners and the G8, the programme has already entered the critical “last chance” phase, despite the efforts of the Forum to relaunch NEPAD that was held in France in November 2003, and the establishment of a peer review committee. This is an African initiative, but the leaders have not managed to make their populations feel they are part of the project.

Sub-Saharan Africa must grasp the opportunities which are being made available today. The fight against terrorism, the issues raised by rich countries seeking new sources of energy (oil, in particular), the quest for alliances in order to wield more clout in the world's decision-making forums, are all areas where Africa must not be marginalised. It is now a question of making the most of the new world order with a view to achieving profitable development that will benefit the whole continent. **History will judge our civilization according to how we deal with Africa.**

D. Poverty within Prosperity

Poverty is very much the ghost at the developed countries' table today. The United States have revised their official poverty thresholds. In France, the Council for Economic Analysis, attached to the Prime Minister's Office, has declared poverty and social exclusion to be issues of national importance. Ireland has published precise goals and actions as part of a ten-year programme to fight poverty. The UK government has

undertaken to halve child poverty in the next ten years and to eradicate it completely in the next twenty.

This is a paradox; a phenomenon that should never have survived into the 21st century in economically advanced regions. Moreover, there are a number of problems facing industrialised societies today (drug-taking, urban crime, low levels of education, the abandonment of shared civic values) which are closely linked with this “poverty in prosperity” which affects a large part of the populations of developed countries.

Within the EU and the OECD

Countries joining the EU have to attain certain levels of economic performance, a difficult task that forces them to sacrifice a large part of their public spending. At the same time, the gulf between urban and rural populations continues to grow, and social divisions become all the more pronounced.

While it is true that many poor families willingly endure hardship in order to give their children the best start possible in life, the general picture reveals that people who grow up in poverty tend to have problems at school, to drop out, to turn to drugs, to commit crime, to not find work, to have children at a very young age, and to lead a life that perpetuates poverty for the generations to come.

Poor children in rich countries

Most rich countries have doubled their national income since 1950. Nevertheless, a significant percentage of young people living in these countries continue to grow up in materially very poor families, poor to the extent that the children are not guaranteed the conditions necessary for normal health and growth. An even greater proportion is condemned to live in “relative poverty” which corresponds to the absolute minimum necessary for material needs, but tends to exclude them from those opportunities and activities which their fellows would consider normal.

(According to UNICEF's Innocenti Report, the degree of poverty among children of the world's richest countries ranges from 3% to 25%. In rich countries, one child in six lives in poverty. For OECD countries, that represents a total of almost 50 million children who live below national poverty thresholds.)

Children are four times more likely to live in poverty if they are part of a single-parent family, which is a statistic that must be given all due consideration. A study of the figures provided by UNICEF shows a close correlation between the extent of child poverty and the percentage of full-time workers whose incomes are less than two-thirds of the national average. The countries with the lowest incidence of child poverty are the same countries which allocate the largest proportion of GDP to public spending. Differences in fiscal policy and public spending strategies mean that some countries manage to reduce child poverty by up to 20%, while other countries barely manage to reduce it by 5%. In this way **poverty affects the social structure of rich countries in a particularly dramatic manner. They are in this sense on a par with poor countries which are also strongly affected by the phenomenon, albeit in different ways.**

Child poverty is a real challenge for the industrialised world, a challenge which calls into question the rich world's ideals as well as its ability to deal with a number of thorny social

issues. Out of respect for today's children who will build tomorrow's world, there should be a new commitment, a new undertaking to put an end to child poverty in the world's richest countries. But one needs to be fully aware of the problem first.

II. "THE PRICE OF POVERTY : social fractures, political tension, security risks"

The unbalanced development of the world economy, the serious polarisation between the rich and the poor, and the aggravation of poverty have become a problem of such magnitude to the international community that if left unaddressed will invite catastrophe within this century. **A world where millions endure extreme misery will never be fully secure, even for its most privileged inhabitants.**

Social fractures

On the whole, poor countries usually have very slow growth rates. *In the period 1900-2000, average national income per inhabitant grew by less than 3% in 125 developing and transitional countries; in 54 of these, average income per inhabitant actually shrank. Of these 54 countries, 20 are in sub-Saharan Africa, 17 in East Europe and the CIS, 6 in Latin America and the Caribbean, 6 in East Asia and the Pacific, and 5 are Arab countries.*

Even within countries which develop rapidly, not every region or segment of the population may be affected in equal measure. This gives rise to significant disparities between men and women, different ethnic groups, urban and rural areas. Countries where average national statistics seem to indicate significant economic progress still harbour pockets of entrenched poverty. This is certainly the case for China, where 150 million people shook off monetary poverty in the 1980s, while the government focused particularly on coastal regions. In some parts of the interior the economy grows more slowly than elsewhere. Women, people living in the country, and ethnic minorities tend to advance more slowly than the national average, if at all.

Very few countries succeed in narrowing the gap in the mortality rate in children under five which exists between rich and poor countries. Similar situations exist for the availability of vaccinations, for school attendance and scholastic achievement; the gap between rural and urban communities, as well as between ethnic groups, persists and in many cases seems to be getting worse.

The income of the 3 million poorest people in the world corresponds to 1% of the income of the world's population. Current trends, albeit slightly offset by the situation on China, only point to the widening of that gap. The income of 50% of the world's population is decreasing, while the income of 20% is increasing.

Malnutrition

Malnutrition is a very important symptom of poverty, contributing to the vicious circle created by illness, backwardness in development and less capacity for work. People who suffer from under-nourishment devote more of their meagre resources than others to medicine and health care, which further increases the effects of poverty.

In addition, under-nourished women run greater risks of giving birth to under-weight babies, effectively transmitting the phenomenon from one generation to the next.

Malnutrition affects one person in three in the world. FAO reports show that about 815 million people in the world suffer from food shortages, 20 % of which in the populations of developing countries. According to WHO figures, more than 70 % of children with protein-energy malnutrition live in Asia, 26 % in Africa and 4 % in Latin America and the Caribbean. For the world report on human development, it is in the poorest countries that the problem is posed in the most extreme terms: only South Africa registers a child malnutrition rate of less than 10 %, in 6 other countries south of the Sahara it is over 40 %. Even if the proportion of people suffering from hunger around the world is declining, at the present rhythm 130 years would be needed to eliminate malnutrition.

Malnutrition is also a characteristic of insufficient intake of proteins and micro-nutrients or energy (calories), as well as a feature of the infections or disturbances which these insufficiencies cause. According to figures from the WHO, half the deaths of children under five can be ascribed to malnutrition. For poor children, who are the first victims of malnutrition, the condition affects not only their daily lives; it can have devastating effects on their mental and physical health for years to come. Malnutrition affects concentration and children's ability to remember, which in turn creates learning difficulties. **Malnutrition is a medical condition which is a direct consequence of social difficulties which are more often than not rooted in poverty.**

Migrations

The study of world migration flows reveals a growth in work-related migration. **More than armed conflict or natural disaster, it is poverty which drives people away from their homes in millions.**

More and more emigrants head for OECD countries, despite the worsening economic situation in some of them. Figures show that since 2000 annual growth in permanent immigrants has been 20% in the United States and 15% in Europe; Japan and Korea have succeeded in almost completely restricting this type of population flow. While it is true that the countries most affected by emigration are Mexico, Bangladesh and Afghanistan, the ten major sources of emigration are all under-developed countries.

Migration flows are today branching out into new routes. The number of people crossing other borders is growing exponentially. *Indeed, 1 inhabitant in 35 is today an international migrant, which amounts to 180 million people, or 3% of the world's population. Almost 48% of these international migrants are women.* This last figure has greatly increased with the doubling of the number of migrants over the past thirty years.

In an effort to manage the increasing number of asylum seekers, many European countries have changed their laws. This attempt to adapt has largely failed, and there are very few developed countries indeed which have successfully set up a system to welcome, orient and train migrants. On the whole this leads to persistent problems of social integration, which in turn contributes to the poverty problem.

Exclusion from decision making

The traditional consequences of poverty are further compounded by the geographical concentration of wealth and decision-making power. The major financial markets are located in the developed countries and concentrated in about twenty principal cities. The control of the main stock and commodity markets, transport and communication hubs and networks is to be found in countries with low infant mortality and high life expectancy. Those countries which are afflicted by poor education systems and illiteracy, by excessive infant mortality and by pandemics, are thus cut off from the centres of decision-making power.

Violence and human slavery

Instability, oppression, discrimination and ever present violence, when combined with social and cultural prejudices, increase the risk that women and children will be mistreated. Analyses of the studies on human slavery in Africa show that poverty is the principal tangible cause of this practice. Where people live in wretched conditions with poor quality of life, women and children are more vulnerable and become easy prey for the traffickers in people.

Violence towards women is a world plague that kills, tortures, mutilates (physically and psychologically). Women and girls are robbed of any sense of security, of dignity, of self-respect, and of their right to enjoy their fundamental freedoms. **Violence towards women is present in every country in the world, regardless of class, culture, education, income, ethnicity, or age.** The extent of this phenomenon is simply alarming, and all the more so because poverty provides fertile ground for its growth.

No society can boast that it is exempt. Women who belong to minorities, immigrants and aborigines, refugees and women who have been taken as war booty, women who have interned or are held prisoner, the infirm, young girls, the old, they are all particularly at risk from violence. UNICEF reports on the traffic in people in Africa, especially the traffic in women and young children, highlight that in some parts of the continent, up to 50% of the women interviewed declared that they were physically mistreated on a regular basis.

Poor families who cannot feed their children are easily persuaded to sell them or rent out their services. Girls and young women are usually the first to be handed over for commercial exploitation and are at great risk of being sucked into the slave trade. Poverty drives families to sell their daughters on into marriage as early as possible, so families try to protect themselves. Civil war and economic distress can entrench the practice of early marriage and so increase the risk of slavery.

Sometimes for women and girls whose conjugal situation is intolerable, the only solution is to run away. When young women and girls flee from their parents' home to avoid a forced marriage, they run as much the risk of ending up in the traffickers' hands as they do when they are married to a stranger. These are the conclusions of the 2003 African Economic Summit, associating the employment of migrant workers with an increase in risk for women, especially when families are apart for long periods of time.

Another factor has been added to the ties between poverty, violence, and people-trafficking: the impact of AIDS/HIV. Women and girls who are sold into prostitution are among the high risk groups for exposure to HIV. They are poorly-informed, and

when they become infected they are often abandoned, without support or medical assistance. These people are more at risk from the traffic in people because of the ever-increasing poverty of their families and their communities, as well as factors such as social stigmatisation, ostracism, or marginalisation by their own communities.

Consequences for education and culture: a hungry child is in no condition to learn

The Millennium Development Goals Report (drawn up by ACNU/UNA-Canada) highlights the extent to which poverty is responsible for major problems in education. *In developing regions, over 80% of children are enrolled in some form of primary education. However, 115 million children do not attend primary school, and in the case of sub-Saharan Africa, school attendance reaches 59% compared to 84% in South Asia. Once enrolled, only one child in three will complete primary school education.*

As a result, one adult in six is illiterate. And the gulf is even wider between men and women. Three-fifths of the 115 million who do not go to school are girls, and two-thirds of the 876 million illiterate adults are women. **A lack of education, indeed, an absence of education, deprives people of an important part of life's opportunities. Such an absence also deprives society as a whole of the foundation for durable development, as education is an essential factor in improving health, nutrition, and productivity.**

In the vast majority of poor countries, basic education is organised along very inequitable lines. The poorest 20% receive less than 20% of public spending on education, while the richest 20% receive much more. Primary school education also receives less funding per pupil than do secondary or high school education. This situation not only discriminates against the poor, who often attend only primary school, it also leads to a new cycle of poverty later on.

Many schools suffer from operational problems. There are too many children, so they cannot retake a year, or drop out in mid-year. School canteens may also convince parents to send their children to school and to leave them there. Pre-school programmes also help children adapt to the school environment, especially for those children who are the first in their families to learn how to read.

Countries with low rates of school attendance or limited school systems find it very difficult to manage recurring costs in order to balance the budget allocation for teachers' salaries which can account for up to 90%, if not more, of running costs, and still have money to buy books or fill other positions. The poor usually suffer most as a result of these modest educational budgets, as the elites and the powerful often manage to get their hands on a disproportionate amount of them.

The problem is compounded by a drop in aid to education from donors. In the 1990s, these funds dropped by 30% in real terms, to 4.7 billion dollars, of which a mere 1.5 billion was allocated to primary school education. And as a rule, donors prefer to finance the acquisition of material and equipment, rather than buying school books, or paying teachers' salaries or covering other running costs.

And herein lie the real bottlenecks. Countries can ordinarily spend more money on education as their economies grow. Poor countries, on the other hand, need to spend more on education first, in order to get out of the poverty trap, whereas they do not have the resources to cover basic investments.

Political tensions

In 2003-2004, violent conflicts flared up again around the planet. Such conflicts provoked a heightening of international tension and exacerbated fears of terrorism. The risk of increased cultural and religious tension that follows also entails a growth in political tension and of the concomitant need to find political solutions.

Poverty that feeds the fires of political instability and violence hinders the transition of developing countries towards democratic systems of government. Transitional states, where elected governments exercise power in an authoritarian manner, and deprive citizens of their fundamental rights while flouting the constitutional limits on their power, still exist. Weak economic performance and poor progress in social terms are usually accompanied by faltering social justice and the recourse to violence to resolve conflict. Democracy, in this light, is not always synonymous with development.

The ties between democracy and human development may well be solid, but they are not automatic. Even where systems of public checks and balances exist, they do not always function in many countries. There are two main explanations for this fact: in these poor countries, the institutions of democracy are perverted by the corruption and power-mongering of the elites. The organs of democracy are very limited reach, and the practice of democracy is still sporadic. Poverty provides fertile ground for corruption and the abuse of office, for intimidation by criminals and delinquents; these phenomena contribute to the weakening of the mechanisms of democratic control.

The need to stamp out poverty is not in competition with the need to make the world a safer place. **Eradicating poverty will lead to a drop in global political tensions and consequently to the building of a safer world.**

Threat to peace

The World Bank recently polled 2600 decision makers and seventy percent agreed that the extreme poverty affecting hundreds of millions of people represents a serious threat to world peace. **There is no credible way of keeping peace in this global village of inequality.**

Since 1989-1991, armed conflicts have three characteristics which have harmed populations: Conflicts are less dependent on the logic of war. Conflicts are more and more privatised. Conflicts are much more regional. In addition, civil populations are more and more hostages of the violence, and they may be the main target of the belligerents. Very young soldiers (teenagers), mercenaries, armed groups without any political goal, become actors of civil and interethnic wars.

With the end of the Cold War, people's expectations rose. The threat of an imminent world conflict or nuclear holocaust could no longer divert the attention of the millions of people from the state of injustice and world scale inequality in which they lived. It could

no longer be used as an alibi by the politicians both in the developed and developing world to justify military spending and armaments (sales and purchase)

Total combined military spending of the world equals fourteen times the amount governments spend on foreign aid and development. Five members of the United Nations Security Council are responsible for 80% of arms exports throughout the world.

Threat to democracy

If democratic government cannot provide its people with the most basic of necessities, it will be held in no greater esteem than the totalitarian regimes it has replaced in many areas of the world. If important masses of people feel alienated from the democratic model of development, eventually they will choose another system, or worse seek to undermine it.

We run the risk of there being a relapse into totalitarianism in many regions unless we act soon. The fires of extremism are stoked by poverty and despair.

Terrorism

Poverty is an ideal breeding ground for terrorism. The spread of and increase in the number of incidents and their locations only show the ever-widening scope of this growing threat to security.

Nations throughout the world have joined in declaring their intention to fight this evil. Taking advantage of the public's reaction to terror attacks, some governments have globalized the notion of terrorism and in particular messianic terrorism, ethnic or nationalistic terrorism. The root causes of the problem must be addressed, so radical Islamism will no longer be able to count on poverty to boost its spread.

Failed states, atomized societies

The key characteristics of failed states are intertwined with the unresolved phenomenon of poverty: proliferation of "grey zones" where the official law is not applied (guerrillas, terrorist groups, suburbs of big cities populated by emigrants, drug trafficking, hostages, ransoms, rackets serving as a substitute for economic activity; expansion of paramilitary groups, often used by military regimes); systemic corruption and organized crime (mafias) penetrating political circles and government.

Entire societies are seriously affected by the consequences of under-development. Civil status is missing or poor; illiteracy is increasing, favoring the proliferation of extremist ideologies; migrations are more frequent (exodus from Africa, the former-Yugoslavia, in the Middle-East and South-West Asia), deeply perturbing the demographic situation; many young people regard violence as the only way of managing conflicts.

Overpopulation in large cities in the developing world coupled with the deregulated mechanisms of democratic participation and civil education as well as with the mass illiteracy of masses of young people often produce riots, violent claims for food,

delinquency, armed clashes between rival local clans and interethnic conflicts. **In these zones of social disaster, the progress of globalization is perceived by the population as a means of perpetuating the gap between different worlds – of the desperately poor and of the very rich.** No one is in any doubt that the richest and most powerful states will try to maintain their quasi-monopoly and control of ever-scarcer resources, to the detriment of the world's poor countries, and that they will use whatever means necessary to do so, including force.

A block on the road to true globalisation

In a mutually dependant world, poverty as a limitation of human security affects us all globally. Global prosperity and stability cannot be achieved sustainably until the problem of poverty is solved. **Poverty itself has now become a barrier to human progress on a global scale.**

The striking disparity of incredible wealth compared to the incredible human suffering of those in absolute poverty is unconscionable to the universal aspirations of civilization and the right to human dignity. We cannot accept that an accident of being born on a certain latitude or longitude should determine whether a child will live or die.

Humanity cannot allow such disparity in the twenty-first century; and political elites are forced to question whether the globalization can continue disregarding moral concerns.

III. SOLUTIONS

Poverty has now become a barrier to human progress on a global scale.

We live in a world of extraordinary scientific progress, yet we have not learned the science of sharing this wealth.

The present model of economic globalisation is generating poverty at a global level.

We need another kind of globalisation, a globalisation that has a sense of responsibility, ethics and common destiny for our world. We need to give the world economy an ethical dimension.

How can we transform declarations into action?

1. The solution lies in alleviating poverty, in empowering vulnerable groups, in promoting education that leads to understanding and tolerance of a globalisation that opens doors rather than closing them to young people. It is apparent that those **regions where the state helps sufficiently in education and training have the ability to overcome the situation of poverty.**

The international community must demonstrate its solidarity by reducing the debt, re-launching the support for development, opening the markets of industrialised countries, regulating markets, and defining their mechanisms, bridging the digital gap between North and South.

2.The debt of the poor states is unjust. We cannot hold our grandchildren responsible for the debts of our grandparents..

The West cannot continue the protectionism of its industries by denying poor countries access to its markets, and dumping its surplus on the struggling economies. **The countries hit by poverty need structural measures that enable them to improve their productivity and export capacity.**

Let free trade be truly free. Substantial trade liberalisation often means a gain of tens of billions of dollars for these countries, boosting trade and reducing poverty in the world. At the same time, the developed post-modern world must accept the idea that developing countries will have to play a more important role in multilateral commercial negotiations.

Nonetheless, the mobility of international capital makes any independent monetary policy based on exchange-rate stability very difficult. It is thus by limiting the mobility of capital that taxation of foreign exchange transactions will help (according to Tobin) to relax the pressure on the monetary policy of developing countries. The purpose of a tax on financial transactions is therefore to stop or limit the importance of speculators who can cause serious harm to developing countries.

(At a rate of between 0.1 % and 0.25 %, the Tobin tax would yield from 60 to 200 billion dollars, capable of fighting poverty in the world. In effect, according to the 2000 Jubilee, 160 billion dollars would suffice to erase the foreign debt of the countries of the South. According to the U.N.P.D 80 billion dollars would be enough to eliminate extreme poverty in the world.)

3.Every year, around 11 million children suffer from diseases and epidemics for which preventive treatments exist. Factors which contribute to the **prevention of malnutrition** include improvements in water supply, sanitary facilities and hygiene. Reducing the proportion of the population which does not have long-lasting access to healthy drinking water is an issue that needs to be addressed urgently. Another factor in the fight against malnutrition is health education to raise awareness about healthy food, or, for the poor, better access to adequate quantities of healthy food.

It may be possible to intervene to improve the general quality of health and sanitation facilities, and to improve the education of mothers. *(The figures show that in certain Arab countries remarkable progress has been made. In countries where 20% of children died before reaching the age of five (in 1970), the figure is now 6%. Vaccination against the most common diseases has greatly improved child life expectancy. According to the WHO, the vaccination rate in sub-Saharan Africa is over 50%.)* Stopping the spread of major epidemics would contribute to the fight against poverty and malnutrition; developed countries would need to facilitate access to vaccines to achieve this goal.

The simplification of the tax regulations that penalise small firms, as well as investment in basic equipment and infrastructure (rural infrastructure, preventive medicine, systems of credit and borrowing) should allow the poor to take their place in the national and world economic fabric and to use their position in the fight against malnutrition.

4. Countries with good levels of educational attainment often tend to spend more on poor households and primary education. Those countries which have eliminated

disparities between boys and girls show how it is possible to encourage parents to send their daughters to school. They do this by building schools in residential areas, by keeping parental contributions as low as possible, by trying to adapt timetables to fit in with chores at home, and by recruiting teachers (to reassure parents). In those countries which have managed to eliminate sociological differences between boys and girls, there are usually higher than average proportions of female teachers.

5. The **global information society** is a key element in the fight for sustainable development which is the only condition that will lead to a reduction on a planetary level of the economic and cultural disparities and inequalities which have become simply unacceptable.

It is absolutely vital that we create an information society that includes everyone.

- On a political level, it should help extend liberties, guarantee transparency, and facilitate the creation of new ties between citizens and ruling powers. New ICT should be used with a view to reaching the UN's Millennium Goals.

There are three priority lines of action:

- Guarantee universal access at a reasonable cost.
- Allow local players to assimilate new technology through education and training.
- Ensure respect for cultural and linguistic diversity.

6. If we are to promote sustainable development we must confront the monstrous **irresponsibility of military spending**. War and preparation for war is one of the greatest obstacles to human progress that fosters a vicious cycle of arms races and poverty.

The Brazilian President Luiz Inacio Lula da Silva and the French President Jacques Chirac have put forward the idea of an international tax on arms sales and financial transactions in order to fund the relaunching of the fight against hunger in the world. Economically and socially costly arms sales for the buyer are generally made in the North-South direction. Taxation would thus be applied to the supplier nations, which are mainly the developed countries. The resources gathered this way would go to a "special fund" for the fight against hunger.

Another solution put forward consists in taxing not only the arms trade but also production. Encouraging countries to disarm, this would re-establish reciprocity between producer countries and buyer countries. In this case, it is the country that incorporates materials in its armed forces in the form of domestic production or as imports that would be subject to the tax.

Other proposals suggest establishing a tax on all military expenditure and not only on expenses for equipment or to tax the number of nuclear war-heads or the number of soldiers ...

7. A New World Order was to be welcomed by the hopes that the World Trade Organization would join the International Monetary Fund and the World Bank in codifying rules for a global economy. It was to be a **velvet revolution on a global scale**. However, the hoped for **new economic order** did not transpire due to the continuing disputes about what such an order should be. Until such an order is agreed upon, the

international economy remains anarchic and void of conscience and humanity, and will continue to suffer.

For economic relations to be fruitful and sustainable they have to be managed with transparency, accountability and good governance. This **economic democracy is best fostered by political democracy**. However, democracy can not be imposed by force, certainly not by military force. The processes are long and uncertain.

8. Economic development may not be the only way to eradicate poverty, this focus may have to be re-examined and **new methods sought**. For economic relations to be fruitful and sustainable they have to go with transparency, accountability and good governance, this economic democracy is best fostered by **political democracy**. However Democracy can not be imposed by force, certainly not by military forces. The processes is long and uncertain.

9. Solutions to these multifaceted problems of poverty and world disorder do exist. The solution exists on **THREE levels: supranationally, regionally and locally**. They are: integration, management and reduction of the variables causing disorder.

((New techniques for coaching slum children have been developed in India in a program called "Akanksha" ("aspirations"; <www.akanksha.org>), which has 38 "Centres" of 60 children each near the slums of Mumbai and Pune. The technique is unique because the teachers actually go into the slums to contact the parents and collect the children. They meet for about two hours in weekday evenings with two teachers, who both are salaried. Volunteers supplement with instruction in their own areas of expertise. Mentors from industry participate in the coaching in an attempt at softening the effects of globalisation. Additional weekend and summer workshops are held for further personality building. The regular training is for a 10-year curriculum to teach English, math and civic values, with the last three levels preparing for the start of a career. The total costs are less than a quarter of a euro per student per day. Groups of donors are matched with Centres, at 5,000 euros per year. A supplementary organisation called "Up with Children" is being developed for spreading similar but not necessarily identical Centres to other countries such as in Africa. Everyone anywhere in the world is invited to join in order to make the activity self-promoting and eventually reach millions of children.

Another remarkable project, "Pastoral da Criança" ("Pastoral of the Children") was started in 1983 by the National Conference of Bishops of Brazil (CNBB; <www.rebidia.org.br/noticias/paz/premio_escopo.html>) and it has already reached some 32,000 communities with an enormous number of volunteers, mostly the mothers, poor women themselves. Pastoral da Criança works in the areas of health, nutrition, community education, the prevention of violence, and the promotion of childrens' education up to six years of age. Pastoral da Criança receives strong support from the Brazilian government and private interests.

If these models are applied to the world's very lowest economic layers on a mass scale the eradication of absolute poverty may be closer and more cost effective than previously thought)

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Regions can play a greater role in poverty alleviation and break down tensions between civilisations through international co-operation, particularly decentralised co-operation projects and actions to strengthen regional institutions in host states.

10. Implications **for the international community** in the search for solutions to the problem of poverty in the world until now remain fragmentary and suffer from a lack of coherent strategy and collective determination .

There are no international structures capable of ensuring some modicum of this redistribution of wealth. In the past, institutional solutions entailed compromises between states. Now we are faced with a wider spectrum of actors and variables, so any new political order must work for the reduction of these imbalances at the level of the community and take into account the multifaceted nature of these problems that go beyond the state.

*(The **G-8** "Forum of the Future" proposed by George Bush, if limited to its 8 members without involving the developing world including new economies like China, India and Brazil, will remain a paternalistic or philanthropic structure)*

It' high time for the states of the world to **agree on a structure** to adequately plan and forecast the world's development needs, give oversight and direction to the process of globalisation, by assimilating the world's current fragmented financial and development architecture, that could draw on a combined international budget of state international aid and work to a ratified code of conduct under a new social contract of "ethicalization"?

11. Eradicating poverty was one of the themes of the **Millennium Summit** of world leaders held by the United Nations in the year 2000. That conference appealed to the international community to undertake the responsibility of eradicating poverty, and require that the developed states take action jointly with developing ones. The United Nations pledged to satisfy the least developed countries' basic needs and persuade industrial nations to implement a 'no tax and no quota' system against the least developed countries, along with reducing debt and providing material and financial aid to these states.

The Millennium Declaration also included a set of specific targets now known as the **Millennium Development Goals or MDGs**. These eight goals include specific commitments to halve the number of people who are hungry or live in extreme poverty by 2015, provide primary education to every boy and girl by the same date, reduce maternal mortality by three quarters and death rates of children under 5 by two thirds, and achieve a number of specific objectives on gender equality and empowerment of women, HIV/AIDS, malaria and other diseases, housing, and environmental sustainability.

It seems increasingly unlikely that we will be able to meet the Millennium Development Goals that were signed by the heads of state. Reluctance to go ahead with the realization of even openly declared commitments - like the intention of the developed countries to spend at least 0.7% of their GNP on aid programmes to developing countries - have rarely been put into practice. Yet the responsibility for this situation should be shared, since even in the cases when international or bilateral programmes of concrete aid are launched they often give rise to misappropriation, disputes or misuse.

The Monterrey Conference on Financing for Development estimated that an additional USD 50 billion a year in global development spending would be needed to achieve the MDGs. Given the current budgets for military spending in nations around the world, that figure should not daunt the international community. **Yet without major additional effort, the MDGs will not be met.** On all the most important commitments, we are falling well short.

We will not achieve human security for all without making global commitments to human rights and human development. To do this, we must first be more rigorous in holding governments accountable for the undertakings they have made.

Citizens and civil society organisations should work together and bring pressure on their governments, reminding them of their commitments and demanding full civil society participation. The MDGs, particularly the numerical indicators, should not be perceived as ends in themselves but as benchmarks of progress.

Obviously the MDGs do not go far enough. If implemented, they will not end (but will halve) poverty and hunger; they will not eliminate (but could sharply reduce) death from preventable diseases. **Yet if the MDGs are achieved by 2015, in the span of less than one generation, we will have taken a formidable step forward.**

Success will require genuine international co-operation from many actors. The effort can build a new foundation for further progress towards the real dream of human dignity for all.