Poverty and Health 2015

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Introduction

The population of the world reached 7 billion on October 31 2011. Today it is 7.361 billion (Aug. 2015). It has doubled over the last 30 years. It is at present increasing at a rate of 1.14%/yr. around 80 million per year. In the last year, 57 million deaths occurred worldwide and 135 million were born. Of these 5 million were born in the high-income countries. These will during their lifetime consume more than the 131.5 million born in the poorer part of the world.

During the coming 40 years the population of Africa south of the Sahara will increase from 600 million to 1.6 billion. Soon India's population will exceed that of China. In 2007 more people lived in cities than in rural areas for the first time in history. Of the total world population one sixth (1 billion) live in high income countries with a total annual income of $30 trillion. One sixth (1 billion) live in such poverty that they are not even on the first rung of the development ladder. (107 billion have lived on this earth, of which 6.5% are alive today. 1.8 die every sec. and 4.2 are born every sec.).

However there are bright spots such as Bangladesh which reduced the fertility rate from 6.6 births per woman in 1975 to 2.4 in 2009 whilst concurrently improving the Human Development Index (see p.3) between 1980 and 2011 from 0.303 to 0.500. The Millenium Development Report for 2012 claims that the target of reducing extreme poverty by half was achieved 5 years before the 2015 deadline as has the proportion of people who lack dependable access to improved sources of drinking water.

Conflict can be devastating to the economy. Reconstruction for the Democratic Republic of Congo is estimated at US$20 billion and even if strong growth starts now it will take several decades for the country to get back to the level of per capita wealth it had at independence in 1960.

Widening gap

Of the total world population, 78% live in lower-income countries.

In 1960 the richest 20% in the world had 70% of its income. By 1991 this proportion had risen to 85% and by 1994 to 86% In 1960 the poorest 20% in the world had 2.3% of its income. By 1991 this had sunk to 1.4% and by 1994 to 1.1% and by 1997 to 1%

Thus the proportion between the incomes of these groups in **1960 was 30:1**; by **1991 it was 60:1** by **1994 it was 78:1** and by **1995 it was 82:1**. Looking further back in 1820 the proportion was 3:1, 1870 it was 7:1 and 1913 it was 11:1. In 1820 virtually everyone was poor and the differences between Western Europe, North America, Asia, Africa and Latin America were small. Now the consumption of an average person in the richest countries is 100 times that in the poorest countries and the relative child mortality rates are 100 times greater in the poorest countries than in the richest i.e. 10 000 times more resources are available to avoid a child death in the richest countries than in the poorest. The richest 1% have increased their income by 60% in the last 20 years.

There is also a disturbing trend within countries where the gap between the rich and poor has been widening. Thus in the United States the average salary of directors of the bigger companies 30 years ago was 30 times that of their workers, 1980 the proportion was 42 times, whereas by 1995 the ratio was 419:1. The income of the top 1% rose by 139% between 1979 and 2001 whereas the middle fifth by 17% and the lowest fifth by 9%, much less than inflation. In the UK the latest gap is 183:1 (Aug.2015). Even in Sweden which prides itself on equal opportunities the respective ratios of salaries was 9:1 in 1980 and 26:1 in 1995.

As an aside the richest 358 individuals own more than 45% of the world's poorest people combined. In fact the 200 richest people more than doubled their net worth in the four years up to 1998 to more than $1 trillion. The top 3 billionaires have assets more than the combined GNP of all least developed countries and more than 600 million people i.e. more than the total GNP of 48 countries. According to Oxfam's submission to the Davos World Economic Forum 2013, the 100 richest people in the world earned enough last year (USD 240 billion) to end extreme poverty suffered by the poorest on the planet **four times over**. "Extreme wealth" it claims is "economically inefficient, politically corrosive and socially divisive.
The words of T.S.Eliot in 1937 are uncannily true: ***"Perhaps the dominant vice of our time will prove to be avarice (greed). There is something wrong with our attitude to money. The acquisition rather than the creative instincts are encouraged."*** or even further back: Adam Smith 1776 ***All for ourselves and nothing for other people seems in every age to have been the vile maxim of the masters of mankind.*** However this greed is not only found in rich countries. In the last 30 years transfers from public to private accounts in Sub-Saharan Africa amounts to US$ 720 billion. Within 1 year of loans being granted to these countries 60% has fled the country.

Distribution within countries
This is unjust in many countries. In 1985 in the state of Maharashtra in India US $1.6 was spent on health care for each person each year. But of this sum 75% was spent in 3 cities. In the surrounding rural areas the amount spent on health care was 2 cents/person/year.
In China the human poverty index (an estimate of the number of really poor people in a community) is just under 20% in the coastal region but more than 50% in the inland Guizhou province.
Another example is worth noting. Despite its financial crisis of the 1980's Mexico had the world's fastest growing number of billionaires with 13 in 1994. The combined wealth of these individuals was more than double that of the poorest 17 million Mexicans whose share of national income is falling.

Classification: low, middle and upper-income countries
Countries are often classified into three categories depending on their GNP per capita, 2010: low-income US$995 or less, middle-income US$996-12 195 and high-income US$12 196 or more. Below the low-income group is a fourth group of "collapsing countries" or "failed states".

Scale of Poverty: absolute poverty

It is estimated that almost half of the world's population, 2.8 billion, live on less than $2 a day and 1.4 billion people live on less that $1.25 **PPP** (**P**urchasing **P**ower **P**arity) a day (the level often termed as absolute poverty) and this latter number increased by 100 million between 1987-1993. Globally 1 billion are illiterate, more than 1 billion have no access to safe water, 840 million are hungry or without food security and half of this group have so little food that they are not able to engage even in normal activities around the home. One third of people living in least developed countries have a life expectancy under 40 years.

The Sub-Saharan African countries have the most rapid increase in the number of absolutely poor with half of their populations thus affected in 2000.

One child in 6 is born underweight and one third become underweight by the age of 5 years. In Africa the mean intake of calories is only 87% of what is estimated to be needed in order to work normally. Poverty is hitting increasing numbers of women and is hitting them harder. Between 1956 and 1988 the number of rural women living below the poverty line increased by 51% compared to 41% for men. The situation for the poorest of the poor was vividly described by Robert McNamara of the World Bank: **"A condition of life so limited by malnutrition, illiteracy, disease, squalid surroundings, high infant mortality and low life expectancy as to be beneath any reasonable definition of human decency"**.

Human Development Index and Multidimensional Poverty Index

UNDP in 2000 launched a new way of measuring development with what they called the Human Development Index. This index is reached by a very complicated mathematical formula taking into account a number of indices. These include life expectancy, mean years of schooling, combined education index, per capita income.

A further measurement was introduced in 2010 to take into account Equity and Sustainablity with the ideal being greater equity and sustainability concurrently. This new index is called the Multidimensional Poverty Index (MPI). Much of the lowest MPI relates to household environmental deprivation such as lack of adequate and clean water, acceptable sanitation, adequate personal hygiene and indoor air pollution.
On present trends the number of people living in poverty globally could rise to 1.5 billion by 2025. The only region of the world where absolute poverty increased between 1981 and 2001 was in Sub-Saharan Africa.

Poverty and Health

Poverty and especially absolute poverty has a devastating effect on health. 80% of health is related to income. The Director General of WHO in the 1995 World Health Report "Bridging the gaps" says: **"Poverty....is the world's deadliest disease. It wields its destructive influence at every stage of human life and for most of its victims the only escape is an early grave. Poverty provides that too; while life expectancy is increasing in the most developed countries, it is actually shrinking in some of the poorest. For many millions of people for whom survival is a daily battle, the prospect of a longer life may seem more like a punishment than a prize".** Later on in the report it states: "For most of the people in the world today every step in life, from infancy to old age, is taken under the twin shadow of poverty and inequity, and under the double burden of suffering and disease”.

There is a quotation attributed to the pathologist Rudolf Virchow when his 1847 investigation of an epidemic of typhus showed a strong association with poverty,
"Medicine is a social science and politics is nothing more than medicine practised on a larger stage."

Historical North - South Perspective and the debt crisis

Up till the end of the 70's the trend in development was positive in most low-income countries of the world (even after the first years of the oil-crisis). One effect of the oil crisis was that the OPEC countries after investing in property and industries in the West put much of their money into Western banks. These were now so overloaded with money that all the channels for them in turn to reinvest this money in the West were clogged. Thus the banks approached many low-income-countries with offers of low-interest rate loans with almost no strings attached. Many countries in the South acceded and ran up major debts to these banks. Of course it was easy to justify taking out loans at this time since from 1974 there were low interest rates and inflation was rising steadily. This meant that the real interest rates were exceedingly low and at times there were even negative interest rates on the debts i.e. the interest rate was lower than the inflation rate. It is significant to see how the money loaned was used. One country that was studied in detail was Argentina where around 20% was used in each of the following ways: interest and repayments; investment for development; weapons purchasing; luxury goods for the upper classes; illegal movement of funds.

At the beginning of the 80's many of the countries in the North ran into economic problems with rampant inflation. It was decided to fight inflation with high interest rates (in fact the highest globally ever recorded). This hit hard on low-income-countries whose raw materials were now fetching declining prices on the world markets. Their loans suddenly became major millstones around their necks. Many have maintained that it was the countries of the South who in fact paid for the fight against inflation in the North and even more specifically it was the poorest and marginalized in these countries who were asked to pay the highest price. All debts had to be calculated at the high interest rates and when a country could not pay back they had to take out new loans to pay back the interest on the old loans, virtually always with worse conditions.

The total debt burden for the least developed countries increased rapidly towards the end of the 70's and the 80's. The totals in billions of US$ were as follows:

1971	90
1979	471
1982	747
1986	1007
1989	1142
1992	1700

From 1983 the countries in the South have paid more back to the countries in the North than the total amount of development aid and investment from the North. Thus from 1985-87 the South paid US$ 160 billion in interest and repayment on loans from the North. This is 4 times as much as the total development aid. In one year 1987, the balance was US$ 43 billion in favour of the countries in the North. This has often been described as a blood-transfusion from the sick anaemic patient to the healthy receiver. The total transfer of funds from South to North is staggering in its size: it is the equivalent of 6 Marshall plans over the 80's decade (the Marshall plan was the biggest financial rescue plan ever mounted in economic history when the USA invested 2.2% of its GNP over a number of years to help Europe on its feet after the 2nd world war).

Currently the overall flow of funds is still from the poor to the rich countries to the tune of US$ 165 billion a year (total debt repayment of the poorer countries is US$ 220 billion a year!). Development aid from the richer countries to the poorer has sunk from 0.52% of GNP in 1960 to 0.22% by 1997 but since 2005 this has increased to 0.31%: 2009. The 1997 level was the lowest level recorded since the UN in 1970 recommended that rich countries increase their aid to a level of 0.7% of their GNP. At present only 6 of the rich countries have achieved this (Norway, Sweden, Luxemburg, Denmark, the Netherlands and Belgium).

The decade commencing 1980 was a lost decade for development in many of the poorest countries in the South. In the 37 poorest countries in the world spending on health care decreased by 50% compared to 1970. Likewise spending on education decreased by 25%.
Up till 1980 infant mortality rate in low-income-countries had dropped from an average of 180/1000 live born to 70/1000 and the average life expectancy had increased from 40 to 60 years. However after 1980 many of these figures have worsened in some of the poorest countries of the world. One expert who was previously at the World Bank (Davison Budhoo) has estimated that the debt crisis has been the indirect cause of 60 million deaths throughout the world by its impact on health systems over the years 1983 to 1990.

In 100 countries the decline in their economies over the last 15-20 years has been even more dramatic than in the Great Depression of the 1930's. In real terms the earning power of raw materials that are the dominant export of most low-income-countries are 45% lower today than in the 1980's, and 10% lower than in the worst year of the Great Depression, 1932.

Likewise the debt crisis has become even more of a barrier to improving the situation (and is a major reason why the gap between rich and poor has widened). Sub-Saharan Africa has increased its debt from US$55 billion in 1980, to $183 billion in 1990, $215 billion in 1995, $250 billion in 1997, and 300 billion in 2001. The pace of the increase has increased.

The debt crisis is at its most acute in Sub-Saharan Africa. Measured as a percentage of GDP, sub-Saharan Africa's debt is higher than for any other developing region. Repeated rounds of debt rescheduling have succeeded in reducing the ratio of debt to total export earnings, but only to around 250% which is still as high as in the middle-income countries during the worst years of their debt crisis. Between 1990 and 1993 the region transferred $13.4 bn. annually to its external creditors. This is four times as much as governments in the region spend on health services. In fact it is more than their combined spending on health and education. Zambia's debt repayments in 1994 were 30 times as great as their total education budget for primary education. Uganda spent US$ 3 per person/year on Health care compared to US$ 30 per person/year on debt servicing (figures from 1999 show that Africa spends US$ 15 billion annually on debt repayment). Africa's debt repayment is thus substantially in excess of the $9 bn a year which UNICEF estimates as the total cost of meeting basic human needs for health, nutrition, education and family planning. Many in these countries are asking why the poor should be penalized for the excesses of dictators such as Mobutu and Co where up to one third of the total loans went straight to the dictator's Swiss bank account. The World Bank reckons that a balance can be maintained if 20% of export earnings go to servicing debts. In real terms this is very often exceeded e.g. Mocambique should be paying 110% of its export earnings to service its debt. Of the low-income-countries in Africa only a few can maintain the level advised by the World Bank, namely Burundi, Ghana and Uganda. But the real reason behind their ability to service their debts lies with international investments and large-scale development funding.

Categories of debt

There are three categories of debt: commercial, bilateral and multilateral. The bilateral debts have increased dramatically over the last decade and now represent 50-70% of the total debt burden of the poorest countries in Africa south of the Sahara. When countries are unable to service their bilateral debts, their case goes to negotiations in the Paris Club which has the biggest influence on the debts of the poorest countries. The Paris Club consists of representatives of the richest countries of the world who may allow in certain circumstances cancellation of a certain proportion of the debt or its renegotiation to a low-interest long-term loan (so-called 'soft loan') provided the country agrees to undergo a Structural Adjustment Programme. The new policy of allowing cancellation of a proportion of the debt came after a meeting in Naples and the terms are thus called the Naples conditions. However these only relate to debts incurred prior to the country's first appearance at the Paris Club. Thus cancellation is often only of a small proportion of the actual debt e.g. Uganda was due to have a debt cancellation of 2/3 of its debt but this was only relating to the debt incurred as bilateral debts to the countries of the Paris Club and only that part of the debt which was incurred prior to 1981. Thus the real cancellation was only 2% of Uganda's total debt.

Poverty alleviation: the hope

The 1990's began with great optimism. The cold war was over, the funds that had been tied up with military priorities would now be released for social development and increasing prosperity. 400 million people escaped poverty between 1990 and 2005.
In 1995 the World Summit for Social Development in Copenhagen was attended by 117 heads of state with 185 governments represented. The conclusion of the conference was highlighted by a joint declaration of all present that poverty was going to be eliminated.

Much that is positive has occurred over the last 50 years. Poverty has decreased more during this period than during the previous 500 years. China and 14 other countries have halved their proportion of poor people. Ten other countries have decreased their proportion of poor by 25%. By the year 2000 there were 3-4 billion who had experienced significant improvement in their standard of living and 4-5 billion had access to primary education and health care. Between 1987 and 1998 the share of the population in developing and transition economies living on less than $1 a day fell from 28% to 24%. In East Asia the number of people living on less than $1 a day fell from around 420 million to 280 million between 1987 and 1998.
However there are great lapses. In September 1995 news leaked out that the World Bank's finance department acknowledged the enormity of the problem that many of the poorest countries were facing and decided to recommend some debt cancellations under very strict conditions. For Africa's part the decision, which was finally made public in 1996, would amount to cancellation of US$ 5 billion out of the total US$ 250 billion over the next 6 years! It was the classical case of “too little, too late” and described rather inelegantly in a Swedish saying as being like spitting down the throat of a thirsty farmer!
The cost of eradicating poverty completely from the earth is achievable. It would cost 1% of the world's GNP. In order to achieve the goals of the 1990 World's Summit for Children i.e. provide

every person on earth with access to primary education, health care, safe water and acceptable sanitation the global community would need to spend US$ 40 billion per year. This is less than what is spent each year on playing golf!

Two countries, Uganda and Ghana are often quoted by the World Bank as success stories in Africa. They are supposed to support the thesis that structural adjustment programmes and introduction of the free-market is finally bringing prosperity to these countries who have a shining future for all their citizens. In fact this picture is highly misleading and in both countries even the macro-economic gains are vulnerable and the end-result has been a marked widening of the gap between rich and poor. The economic success stories in South-East Asia occurred entirely without the World Bank and IMF and their Structural Adjustment Programmes.

Foreign aid and foreign investment in Africa south of the Sahara had declined from $32 per head in 1990 to $19 per head in 1998. Donations had fallen from $17.9 billion in 1992 to $10.8 billion in 1999. Per capita incomes in Africa were lower at this point than they were in 1970. But there is renewed interest in helping Africa after the Gleneagles conference of the G8 group in 2005 (see p.9).

Practical solutions to poverty

Ending poverty is a tangible option.

- Governments can find $1.63 trillion a year (2010) in military expenditure (double the amount of 2000) but claim to be unable to find $5 bn a year which would provide basic education for all.
- African governments spend more in repaying debts than they do on the health and education of their citizens.
- the cost of meeting the health and education targets set at the World summit for Children in 1990 represent 16% of what developing countries currently spend on weapons.
- Closing tax havens around the world would bring back USD 3.1 trillion to the countries whose tax systems have been robbed of this asset. The scandalously rich would then share some of the burden of investment and renewal of the infrastructure and running of their own countries. At present this load is borne by those with lesser incomes.

There are 5 building blocks of successful poverty eradication:

- Increased equity: apart from being socially unjust, high levels of inequality and widespread poverty are a source of economic inefficiency since they waste human potential.
- Enhanced opportunity: poverty eradication demands that poor people have the productive assets they need to maintain sustainable livelihoods. But they also need the opportunity to develop greater autonomy through education, health care and the provision of clean water and sanitation.
- Peace and security: without development there can be no lasting human security; but without peace and security genuine human development will remain an elusive goal.
- Participation: genuine development demands that local communities have a say in shaping critical decisions affecting their lives through open and accountable political structures from the village council up to international level.
- A sustainable future: to reduce the vulnerability of poor people and bring about lasting improvements in their lives, they need to have secure livelihoods. This in turn depends on making more sustainable and equitable use of finite resources.

The position of women is of particular importance, not merely as a matter of human rights, but also because all the evidence agrees that they make a greater contribution to economic life than do their menfolk. Women are the backbone of Africa's rural economy, accounting for 70 per cent of food production, most of the selling of the family produce and half of the animal husbandry in addition to food preparation, gathering firewood, fetching water, childcare and the care of the sick and the elderly. Women spend most of the earnings they control on household needs, particularly for the children, whilst men spend a significantly higher amount on themselves. However women are usually excluded from power and decision making in many communities.

World Consumption

World consumption has expanded at an unprecendented rate over the 20th century with private and public expenditures reaching US$24 trillion in 1998, twice the level of 1975 and six times that of 1950. In 1900 real consumption expenditure was barely $1.5 trillion.
The trends show that the gap between the richest and the poorest in their level of consumption has been increasing rapidly especially during the last 20 years.

Drastic changes are needed in the distribution of consumption aiming to make consumption a shared reality (ensuring basic needs for all), allowing such consumption to have a strengthening effect (building human capabilities), see to it that consumption is socially responsible (such that the consumption of some does not compromise the well-being of others) and ensure that consumption is sustainable (without mortgaging the choices of future generations).

In a number of the poorest countries of the world consumption has actually gone down in the last 20 years. Thus the average African household today consumes 20% less than it did 25 years.

The poorest 20% have been left out of the consumption explosion.

Well over 1 billion people are deprived of basic consumption needs. Of the 4.4 billion people who live in developing countries nearly 3/5 lack basic sanitation (however nearly 2 billion people have gained access to safe water and 400 million people to basic sanitation during the past 15 years). Almost 1/4 have inadequate housing. 1/3 do not have access to clean water. 1/5 have no access to modern health services. 1/5 do not attend school to grade 5. 1/5 do not have enough dietary energy and protein. Micronutrient deficiencies are even more widespread. Worldwide 2 billion people are anaemic including 55 million in industrial countries.

Nearly 30 years ago the Pearson Commission began its report with the recognition that “the widening gap between the developed and the developing countries has become the central problem of our times.” This problem has become even more acute in the last decades.

Jubilee 2000 and its origins

External debt continues to be a heavy burden for developing countries. In 1997 the total debt of developing countries reached almost $ 2.2 trillion. Hardest hit have been the 41 heavily indebted poor countries (HIPCs), 33 of them in Africa. Their debt burden $ 245 billion in 1996 drains public budgets, absorbs resources needed for human development and inhibits economic growth. Since 1980 the debt of the HIPCs has more than tripled, two thirds the result of arrears unpaid or earlier debt. In 1980 more than half of all debt was owed to private creditors - in 1997 barely a fifth.

Today's debt crisis is about official debt - increasingly owed to multilateral institutions such as the International Monetary Fund and the World Bank.

A new initiative resulting from pressure by the Jubilee 2000 movement (the idea of cancellation of all debt of the most impoverished developing countries from the biblical concept of debt forgiveness every 50 years) is called the HIPCs initiative (1996) where it takes six years for a country to become eligible for debt relief. The sum needed to fund this initiative has been estimated at $ 7 billion - less than 5% of the $ 170 billion mobilized for East Asia and Brazil but this money has been extremely slow in forth-coming. Maybe this is because the richest countries see what happens in these countries as irrelevant to their continued gluttony of riches whereas East Asia and Brazil were more of a threat. The selfishness of the richest countries and their richest financiers and their voracious greed is one of the greatest scandals of our time.
It would cost 6 billion dollars a year to give primary schooling to all, 9 billion to give all access to adequate and safe water and acceptable sanitation, 13 billion dollars to give all basic health care and food security, whereas USA spends 8 billion dollars on cosmetics, Europe spends 11 billion on ice-cream, USA and Europe together spend 17 billion dollars on pet food, Japan spends 35 billion dollars on company entertainment expenses, Europe spends 50 billion on cigarettes, 105 billion on alcohol drinks, globally 400 billion dollars is spent on narcotics, 780 billion on military armaments.

Jeffrey Sachs
One of the clearest voices speaking out on behalf of the poorest nations is maybe one of the most gifted economists of our time, Jeffrey Sachs previously of Harvard University. Sachs says that “In our gilded age, the poorest of the poor are nearly always invisible”. He is raising his voice on their behalf. Sachs argues that it is not backwardness, indolence or faulty governance that accounts for most of the poverty of the poorest nations. It is location. Of the world's 42 highly indebted poor countries 39 lie in the tropics or deserts and the other three are landlocked and isolated. They suffer problems of disease, ecology, life-expectancy and stabilized poverty that rich nations in temperate zones cannot recognize.
Most countries in Sub-Saharan Africa have a reduction of their potential income by between 1-1.3% per year due to one disease alone i.e. malaria and that over a 15 year period this loss of income amounts to almost 20% of their potential earnings. Put in another way maybe 20% of their poverty is due to malaria, let alone the other scourges of this tropical zone.

He proposes a shock therapy to get over these problems including a global environmental tax, prompt forgiveness of the debt of deserving poor countries and special incentives for private business to solve otherwise unprofitable problems e.g. an incentive to the pharmaceutical and bio-technology companies to develop a functioning malaria vaccine.

Sachs gives evidence that if $1 billion extra a year was spent on malaria control in Sub-Saharan Africa this would have economic benefits equal to around $ 3-12 billion a year. The total GDP of Africa is at present $ 300 billion.

Dr. Sachs says that we can learn much from the experience of the “Asian Tigers.” These countries all invested 7-8% of their GNP into the health sector in the 50's and by the 60's and 70's they had significantly healthier nations who became more economically productive. This was one of the foundations for their dramatic economic improvement.

"Not to invest in health is not only stupid as far as human rights is concerned, it is also economically stupid. If you invest in health you will get much more out of your investment than almost any other way of investing". He maintains that a nation can always find priorities to afford this investment e.g. by cutting back on their military spending. Two of the supreme examples of the failure to invest in health and over-investment in the military are India and Pakistan.
Health, Sachs concludes, is not the result of good development. Health is a pre-requisite for development. Greater investment in Health could save 8 million lives/year by 2010 mainly in low-income-countries

The recent devlopments from Scotland in early July 2005 are encouraging when the G8 countries agreed to 50 of the 90 recommendations from Tony Blair and Gordon Brown to support debt relief and increase development aid and even discuss more equitable trade terms for the poorest countries. However words need to be followed by actions! The Commission for Africa established in 2004 by Tony Blair, Gordon Brown and African and International leaders gave the directions. A number of the 90 recommendations by the commission were endorsed at the annual meeting of the World Bank and International Monetary Fund in September 2005 and resulted in 18 countries, almost all of them in Africa South of the Sahara, getting USD 100 billion of their debts cancelled. Official Development Assistance was to increase from $ 80 billion 2004 to $ 130 billion 2010 but because of the recent financial crisis the likely figure is $108 billion.

Africa and the latest situation

The recent report of the Commission, ***Still our common interest*** September 2010 gives some progress but also highlights the gaps. Average annual growth of the economy of most of Africa has been around 6% between 2003-2008.
The latest growth figures for 2010: of the 20 fastest growing economies in the world. almost half are in Africa and the absolute fastest growing economy is in Ghana with a growth rate of 20% of its GDP during 2010. None of these 20 fastest growing economies are within the G20 countries.
Trade and investment has quadrupled over this period. More children go to primary school (15% lift between 2000-2008) and sleep under impregnated bed nets (lift from 2% to 20% between 2000-2008). Polio has almost been eradicated in SSA with a synchronized vaccination campaign that reached 85 million children in 2010. Even Nigeria reduced the number of polio cases from 312: 2009 to 3 cases 2010. However most Africans have still to feel the benefits of this economic improvement. There has been almost no progress in reforming international trade rules so that they will be fairer to poorer countries. SSA still only accounts for 3.3% of total global trade. Donors are tardy in fulfilling their commitments to increase aid. The amount of arable land under irrigation was to be increased by 50% but has only grown by 0.9%. Investment in higher education has not improved. Recent studies of countries producing minerals and other essential commodities undertaken by multinational companies have shown severe losses of earnings by the affected countries when these companies have cleverly avoided virtually all taxation in these countries and siphoned off the vast profits to tax havens.

Other worrying events are the recent global economic downturn. This has interesting roots. During the 1990's the financial industry spent about USD 5 billion to lobby US politicians to get rid of the last regulations from the New Deal that brought the USA out of the Great Recession. In 1999 the Glass-Steagel act of 1933 was removed from the books and this meant that banks could become even more speculative and wild in their borrowing and loaning systems. By 2007 some financial houses had become hugely overleveraged (i.e. too much borrowed money compared to what they actually held) and this led to the enormous bank crashes. These had to be saved by gigantic bail outs from the Government. Much of the huge economic crises in the Southern European countries have the same roots. The answer that is being forced on them is the same as the drastic measures of Structural Adjustment Programmes that were used in the poorest countries of the world when the debt crisis exploded in the 1980's. These same measures were so devastating in their effects in the USA during the Great Depression of the 1930's that they were banned for ever being used in the future in that country.

Breaking news on Africa 2015

In a recent UN Human Development Report 2013 a positive summary of what is happening in the "South Countries" is encouraging: "The rise of the South shows progress which is unprecedented in human history in its speed and its extent. Never before have living conditions and future prospects improved for so many people so quickly and so dramatically".
The self confidence of African countries is increasing. In 2011 the African Union held a conference in Addis Abeba, Ethiopian on the theme: "This is how Africa's fast increasing markets can help Europe's stagnating economies." Unemployed Portuguese move to their former colonies Angola and Mozambique looking for jobs in two of Africa's fastest developing economies.
Democracy is improving in many countries in Africa. According to the careful assessment of experts in Freedom House 25 out of 53 countries can be classified as democracies and 22 have held elections with acceptable evaluations. The number of state coups has halved and those that occur have had a much shorter survival after the international negative response. In the statutes of the African Union any president who has been elected by the people is only allowed to remain in office for two mandate periods.

Concluding remarks

There are no short-cuts to development. As Martin Luther King proclaimed: "Human progress is neither automatic nor inevitable. Even a superficial look at history reveals that no social advance rolls in on the wheels of inevitability. Every step towards the goals of justice requires sacrifice, suffering, and the tireless exertions and passionate concern of dedicated individuals".

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Breaking News: Report Millenium Development Goals 2014

Fourteen years ago, the Millennium Declaration articulated a bold vision and established concrete targets for improving the existence of many and for saving the lives of those threatened by disease and hunger. There has been important progress across all goals, with some targets already having been met well ahead of the 2015 deadline. All stakeholders will have to intensify and focus their efforts on the areas where advancement has been too slow and has not reached all.

Several MDG targets have been met

• The world has reduced extreme poverty by half

In 1990, almost half of the population in developing regions lived on less than $1.25 a day. This rate dropped to 22 per cent by 2010, reducing the number of people living in extreme poverty by 700 million.

• Efforts in the fight against malaria and tuberculosis have shown results

Between 2000 and 2012, an estimated 3.3 million deaths from malaria were averted due to the substantial expansion of malaria interventions. About 90 per cent of those averted deaths—3 million—were children under the age of five living in sub-Saharan Africa. The intensive efforts to fight tuberculosis have saved an estimated 22 million lives worldwide since 1995. If the trends continue, the world will reach the MDG targets on malaria and tuberculosis.

• Access to an improved drinking water source became a reality for 2.3 billion people

The target of halving the proportion of people without access to an improved drinking water source was achieved in 2010, five years ahead of schedule. In 2012, 89 per cent of the world's population had access to an improved source, up from 76 per cent in 1990. Over 2.3 billion people gained access to an improved source of drinking water between 1990 and 2012.

• Disparities in primary school enrolment between boys and girls are being eliminated in all developing regions

Substantial gains have been made towards reaching gender parity in school enrolment at all levels of education in all developing regions. By 2012, all developing regions have achieved, or were close to achieving, gender parity in primary education.

• The political participation of women has continued to increase

In January 2014, 46 countries boasted having more than 30 per cent female members of parliament in at least one chamber. More women are now holding some of the so-called "hard" ministerial portfolios—such as Defence, Foreign Affairs and the Environment.

• **Development assistance rebounded**, the trading system stayed favourable for developing countries and their debt burden remained low. Official development assistance stood at $134.8 billion in 2013, the highest level ever recorded, after two years of declining volumes. However, aid is shifting away from the poorest countries. 80 per cent of imports from developing countries entered developed countries duty-free and tariffs remained at an all-time low. The debt burden of developing countries remained stable at about 3 per cent of export revenue. Substantial progress has been made in most areas, but much more effort is needed to reach the set targets

• **Major trends that threaten environmental sustainability continue,** but examples of successful global action exist Global emissions of carbon dioxide (CO_2) continued their upward trend and those in 2011 were almost 50 per cent above their 1990 level. Millions of hectares of forest are lost every year, many species are being driven closer to extinction and renewable water resources are becoming scarcer. At the same time, international action is on the verge of eliminating ozone-depleting substances and the proportion of terrestrial and coastal marine areas under protection has been increasing.

• **Hunger continues to decline,** but immediate additional efforts are needed to reach the MDG target. The proportion of undernourished people in developing regions has decreased from 24 per cent in 1990–1992 to 14 per cent in 2011–2013. However, progress has slowed down in the past decade. Meeting the target of halving the percentage of people suffering from hunger by 2015 will require immediate additional effort, especially in countries which have made little headway.

• **Chronic undernutrition among young children declined,** but one in four children is still affected In 2012, a quarter of all children under the age of five years were estimated to be stunted—having inadequate height for their age. This represents a significant decline since 1990 when 40 per cent of young children were stunted. However, it is unacceptable that 162 million young children are still suffering from chronic undernutrition.

• **Child mortality has been almost halved, but more progress is needed.** Worldwide, the mortality rate for children under age five dropped almost 50 per cent, from 90 deaths per 1,000 live births in 1990 to 48 in 2012. Preventable diseases are the main causes of under-five deaths and appropriate actions need to be taken to address them.

• **Much more needs to be done to reduce maternal mortality.** Globally, the maternal mortality ratio dropped by 45 per cent between 1990 and 2013, from 380 to 210 deaths per 100,000 live births. Worldwide, almost 300,000 women died in 2013 from causes related to pregnancy and childbirth. Maternal death is mostly preventable and much more needs to be done to provide care to pregnant women.

• **Antiretroviral therapy is saving lives and must be expanded further.** Access to antiretroviral therapy (ART) for HIV-infected people has been increasing dramatically, with a total of 9.5 million people in developing regions receiving treatment in 2012. ART has saved 6.6 million lives since 1995. Expanding its coverage can save many more. In addition, knowledge about HIV among youth needs to be improved to stop the spread of the disease.

• **Over a quarter of the world's population has gained access to improved sanitation since 1990,** yet a billion people still resorted to open defecation Between 1990 and 2012, almost 2 billion people gained access to an improved sanitation facility. However, in 2012, 2.5 billion people did not use an improved sanitation facility and 1 billion people still resorted to open defecation, which poses a

huge risk to communities that are often poor and vulnerable already. Much greater effort and investment will be needed to redress inadequate sanitation in the coming years.
• **90 per cent of children in developing regions are attending primary school.** The school enrolment rate in primary education in developing regions increased from 83 per cent to 90 per cent between 2000 and 2012. Most of the gains were achieved by 2007, after which progress stagnated. In 2012, 58 million children were out of school. High dropout rates remain a major impediment to universal primary education. An estimated 50 per cent of out-of-school children of primary school age live in conflict-affected areas.

The MDGs show that progress is possible, providing the platform for further action
The MDGs brought together governments, the international community, civil society and the private sector to achieve concrete goals for development and poverty eradication. Much has been accomplished through the concerted and focused efforts of all, saving
and improving the lives of many people, but the agenda remains unfinished. The analysis presented in this report points to the importance of intensifying efforts to meet all
MDG targets.
The post-2015 development agenda is slated to carry on the work of the MDGs and integrate the social, economic and environmental dimensions of sustainable development. Continued progress towards the MDGs in the remaining year is essential to provide a solid foundation for the post-2015 development agenda.

Breaking News

19 January 2015 Last updated at 08:12 GMT

Richest 1% to own more than rest of world, Oxfam says

The wealthiest 1% will soon own more than the rest of the world's population, according to a study by charity group Oxfam.

The charity's **research** shows that the share of the world's wealth owned by the richest 1% increased from 44% in 2009 to 48% last year.
On current trends, Oxfam says it expects the wealthiest 1% to own more than 50% of the world's wealth by 2016.
The research coincides with the start of the World Economic Forum in Davos.
The annual gathering attracts top political and business leaders from around the world, and Oxfam's executive director Winnie Byanyima, who will co-chair the Davos event, said she would use the charity's high-profile role at the gathering to demand urgent action to narrow the gap between rich and poor.
In **a statement** ahead of the gathering, Ms Byanyima said the scale of global inequality was "simply staggering". "It is time our leaders took on the powerful vested interests that stand in the way of a fairer and more prosperous world. "Business as usual for the elite isn't a cost free option - failure to tackle inequality will set the fight against poverty back decades. The poor are hurt twice by rising inequality - they get a smaller share of the economic pie and because extreme inequality hurts growth, there is less pie to be shared around," she added.
Rich getting richer
The charity is calling on governments to adopt a seven point plan to tackle inequality, including a clampdown on tax evasion by companies and the move towards a living wage for all workers.
Oxfam made headlines at Davos last year with the revelation that the 85 richest people on the

planet have the same wealth as the poorest 50% (3.5 billion people).
It said that that comparison had now become even more stark, with the 80 richest people having the same wealth as the poorest 50%.
The charity said the research, published on Monday, showed that 52% of global wealth not owned by the richest 1% is owned by those in the richest 20%.
The remaining population accounts for just 5.5% of global wealth and their average wealth was $3,851 (£2,544) per adult in 2014, Oxfam found. That compares to an average wealth of $2.7m per adult for the elite 1%.
The study comes just a day before US President Barack Obama's State of the Union address, in which he is expected to call for **tax increases** on the wealthy to help the middle class.
In October, a report from banking giant **Credit Suisse** also said that the richest 1% of people own nearly half of the world's wealth.

20 January 2015 Last updated at 10:04 GMT

Gap between richest and poorest earnings in UK 17 Aug. 2015

FTSE 100 chief executives (CEO) earn on average 183 times more than a full-time worker, research suggests.

A report by the High Pay Centre, a think tank which monitors income distribution, shows that top bosses earned on average £4.964m in 2014. That compares to £27,195 median pay for a full-time employee in 2014, according to official figures.
The High Pay Centre said the executive pay packages went "far beyond what is sensible...to inspire top executives."
The pay gap did not increase dramatically between 2014 and 2013, when chief executives earned 182 times the average workers pay, but the High Pay Centre points out that it is much bigger than in 2010, when CEOs earned 160 times more.

"Pay packages of this size go far beyond what is sensible or necessary to reward and inspire top executives," said Deborah Hargreaves, director of the High Pay Centre.
"It's more likely that corporate governance structures in the UK are riddled with glaring weaknesses and conflicts of interest."
Since 2013 UK-listed companies have had to publish a single figure detailing their top executive's salary, as well as being required to give shareholders a binding vote on directors' pay.
Ms Hargreaves added that while the reforms had helped to get a better understanding of executive pay, they didn't go far enough.
She told the BBC's Today programme: "We've seen executive salaries pulling right away from the rest of society, creating this small elite of people that are just paid astronomically."
'Make or break'
The think tank would like companies to publish their own figures on the difference in pay between executives and their workers. It would also like a structure in which employees are represented in pay negotiations.
In response to the study, the TUC said that inequality had now reached "stratospheric levels" while the Unite union called for institutional investors to "use their clout to draw a line in the sand over CEO pay".

The business lobby group, the CBI said that high pay was only ever justified by "exceptional performance" and there must always be a clear link between the two.
"In FTSE 100 firms and beyond, it's important that boards and shareholders hold the highest earners to account," the CBI said in a statement.
"Shareholders now have a vote on companies' pay policies and it is important that this is used effectively."
But the free-market think tank, the Adam Smith Institute, was more forthright, saying that the right chief executive could make or break a company.
"CEO pay rewards extraordinary talent and skills in a highly competitive, globalised market," said its deputy director Sam Bowman.
"Good decision-making from the top might not be invaluable, but CEO pay reflects that it is as close to invaluable as one can get."

IMF downgrades global growth forecast

By Andrew Walker
BBC World Service Economics correspondent

The International Monetary Fund (IMF) has lowered its forecast for global economic growth for this year and next.

The IMF now expects growth of 3.5% this year, compared with the previous estimate of 3.8% which it made in October.
The growth forecast for 2016 has also been cut, to 3.7%.
The downgrade to the forecasts comes despite one major boost for the global economy - the sharp fall in oil prices, which is positive for most countries.
The IMF expects that to be more than offset by negative factors, notably weaker investment.
That in turn reflects diminished expectations about the growth prospects for many developed and emerging economies over the next few years. If business expects weaker growth, there is less opportunity to sell goods and services and so less incentive to invest.

Deflation concerns

The eurozone is a case in point. The IMF does expect the recovery there to continue, but not strongly. It is estimating growth of 1.2% in the euro area this year and 1.4% in 2016.
For the European Central Bank, the immediate priority is to tackle the deflation, or falling prices, now under way.

Speaking to the BBC, the IMF's chief economist, Olivier Blanchard, said deflation was an adverse and worrying force, but it was "not the kiss of death… in itself, it's not going to derail the recovery".
However, he acknowledged that it was possible that deflation could set off the eurozone's debt crisis once again. Falling prices are particular problem for debtors, because their incomes - or for governments, their tax revenues - may fall, but the debt payments often do not.
The slowdown in China is another factor behind the revised forecasts. On Tuesday, **official figures showed that China's growth slowed to 7.4%** last year, from 7.7% in 2013.
Next year, the IMF growth forecast for China is 6.3%, compared with an average of 10% over the three decades up to 2010.
Mr Blanchard said the IMF was "fairly confident that is going to be an orderly slowdown". The report says that slower growth in China will have important effects in other emerging economies in Asia.

The sharpest downgrade of all is for Russia, which is forecast to see its economy contract by 3% this year and 1% next. That is the result of the fall in oil prices and what the report calls increased geopolitical tensions - in other words, the crisis in Ukraine and Western sanctions on Russia.
There is also a sharp downgrade for Nigeria, another oil exporter, although even the revised forecast of 4.8% for 2015 still shows strong growth. Without the downgrade, Nigeria's growth would have been very impressive.

US strength

There are some exceptions to the pattern of more downbeat forecasts. The major one is the United States, now forecast to grow at 3.6% this year and 3.3% in 2016.
This is well below China's figures, even allowing for the slowdown, but that is to be expected. Emerging economies can grow more rapidly by adopting technology that's already established in richer nations.
For the UK, the forecast for this year is unchanged at 2.7% and is cut slightly to 2.4% for 2016. Mr Blanchard sees the outlook for the UK as favourable, but he said that the weakness of the eurozone could act as "brake" on the British economy.

Crisis over?

So six years on from the most intense phase of the global financial crisis, to what extent have we put it behind us?
Mr Blanchard told the BBC that many countries have, for all practical purposes, done so - notably the US.
But there is another legacy "cramping the style of a number of countries which have very high debt and have to be careful". He says this will take a very long time to rectify. He describes Japan as an extreme example.
His overall assessment: "Some of the legacies are going away. Some of the legacies will take a long time. Things are improving. Not quite as quickly as we would dream, but they do."

19 January 2015 Last updated at 09:39 GMT
Robert Peston BBC Economics editor

Why extreme inequality hurts the rich

"We could have developed a vaccine for Ebola years ago if we had chosen to allocate the resources to the appropriate research".

That is what a senior and respected medical scientist, a man who would be seen as a world authority on such matters, said to me.
So why wasn't the cure found?
The relevant research didn't happen because Ebola was seen for a long time to be a disease only of the poor, especially in Africa - and therefore the giant pharmaceutical manufacturers couldn't see how to make big money out of an Ebola medicine.
Today of course it is clear that Ebola is a global threat - and hence there is a mad rush to find a treatment.
What the preventable tragedy of Ebola shows is that in a globalised world the interests of rich and poor are frequently the same - although it is hard for businesses to recognise this mutuality of interest when driven to make short-term profits.
This solidarity between those with least and those (us) with most is also lost when governments are under pressure from voters to use tax revenues only in ways that demonstrably benefit a domestic population.

Perhaps the most important point is that when decisions about who gets what or how investment funds are allocated are left to markets, the outcome may seem to benefit only the rich but the consequence may end up hurting rich and poor alike.
Which is a powerful argument for why the widening gap between the rich and poor, in wealth and income, is bad for everyone - even the super wealthy, unless that is they never want to leave their fortified, hermetically sealed, lavishly appointed bunkers.
The point is that the operation of markets in the circumstances of modern globalisation both leads to extreme concentrations of wealth and increasingly irrational outcomes when it comes to the dispersion of funds to combat threats or promote public goods.
It is one of the reasons why the likes of the IMF and senior politicians of left and right are no longer blithely regarding the widening gap between rich and poor as a perhaps irksome but nonetheless necessary spin-off of the greater imperative of promoting growth.
Partly it is just the jaw-dropping pace and scale of how a century of narrowing inequalities has gone into dramatic reverse.
To be clear, **Oxfam's claim today** that by 2016 the richest 1% could own as much or the same as the bottom 99% is not wildly implausible.
Credit Suisse's Global Wealth Report for 2014 showed that the 0.7% of the world's people with assets more than $1m controlled 44% of all the world's wealth.
And recent influential research by Emmanuel Saez and Gabriel Zucman, of the University of California, Berkeley and the LSE respectively, shows that America's top 0.1% - or 160,000 families who are worth $73m each on average - hold more than a fifth of all US wealth, the same proportion as the bottom 90% of America's people.
There are all sorts of reasons why such increases in inequality are troubling, and not just for those at the bottom of the income and wealth pyramid.
One is that aspirational people on lower incomes have massive incentives to take on too-great debts to support their living standards - which exacerbates the propensity of the economy to swing from boom to financial-crisis bust.
Another is that the poor in aggregate spend more than the rich (there are only so many motor cars and yachts a billionaire can own, so much of the super-rich's wealth sits idle. as it were), and therefore growth tends to be faster when income is more evenly distributed.
So President Obama's State of the Union address, **which is expected to contain a proposal** to tax the assets of the wealthy, perhaps should be seen as a belated attempt to promote economic and social stability that would benefit even the wealthy - who will nonetheless attempt to stymie him in Congress.
As it happens I am in the process of finishing a two-part Radio 4 documentary about all of this, due for broadcast in a few weeks.
And what is striking is the growing realisation - even by the extreme privileged, who are about to fly in their private jets to Davos to save the world from itself, at the annual gathering of the World Economic Forum - that it is no longer enough simply to argue that equality of opportunity is all that matters.
Or rather, there can be little equality of opportunity in a world where there is the kind of inequality of outcome we haven't seen since the early decades of the last century.