

HOW TO END POVERTY

ALEJANDRO MARTIN SUELDO

UNIVERSITY OF SOUTHERN CALIFORNIA
SCHOOL OF INTERNATIONAL RELATIONS

ATHGO INTERNATIONAL SYMPOSIUM
RESEARCH PAPER

11-13-05

“The destinies of the halves are intrinsically linked to the fates of the have-nothing-at-alls.”

(U2’s Bono)

Our generation can choose to end extreme poverty by 2025. Every year, eight million people die because they are too poor to survive. Every morning, more than 20,000 people perish because of extreme poverty.¹ Every three seconds a child dies of extreme poverty.² They die namelessly, and their stories rarely get written. The tragedy is that with a little help, these people could thrive.³ The poor themselves can create a poverty-free world – all we have to do is to free them from the chains that we put around them.⁴

The most effective way of eliminating poverty is to implement simple low-cost policy reforms, while providing micro-capital loans to poor individuals so that they may engage in viable income-generating activities. Such initiatives must be initiated and supported by global civil society organizations, NGOs, global financial institutions, and world governments. To illustrate these points, this paper will examine the works of economists Jeffrey Sachs and Muhammad Yunus, and their solutions towards achieving the most courageous goal mankind ever set for itself - the elimination of global poverty.

The Copenhagen Declaration of 1995 describes poverty as “a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information.”⁵ The World Bank identifies “extreme poverty” as being a person who lives on less than USD \$1 a day, and “poverty” as less than \$2 a day. In 2001, 1.1 billion humans, or 21% of the world population, lived in extreme poverty, and more than half of the world population was poor in 2001.⁶

World renowned Harvard economist Jeffrey Sachs, who is also a Special Advisor to the UN Secretary General on the Millennium Development Goals (MDG), proposes a method called

“clinical economics” to eradicate global poverty by 2025. In his report for the UN MDG Project, Sachs proposes a series of “quick wins”: simple policy reforms identified by development experts that would cost relatively little, but could have a major long-term effect on world poverty. These specific initiatives are: eliminating school fees; providing soil nutrients to farmers in sub-Saharan Africa; free school meals for schoolchildren; support breast-feeding; deworming school children in affected areas; training programs for community health in rural areas; providing mosquito nets; ending user fees for basic health care in developing countries; access to information on sexual and reproductive health; drugs for AIDS, tuberculosis and malaria; upgrading slums, and providing land for public housing; access to electricity, water and sanitation; legislation for women’s rights, including rights to property; action against domestic violence; appointing government scientific advisors in every country; and, planting trees.⁷

As Sachs outlines in his book “The End of Poverty”, these initiatives are dependent on coordination between international civil society organizations and NGOs, such as Global Solidarity Network, with global governments. This all goes towards pressuring rich nations to set aside 0.7% of GNP for development aid, a goal adopted by the 2002 Monterey Consensus.

Professor and economist Muhammad Yunus argues that the most important step towards ending poverty is to create employment and income opportunities for the poor. Yunus is the founder of the Grameen Bank (GB), a banking system that provides “micro-capital” loans to the poor without any collateral. Microfinance programs are used as an effective weapon to fight poverty, and they serve as a catalyst in the overall development of socio-economic conditions of the poor. Relying on the traditional skills and entrepreneurial instincts, very poor people use small loans (usually less than US\$200), to start, establish, sustain, or expand very small, self-supporting businesses. As of 2003, with a re-payment rate of 98%, 50 million people, of which

90% are women, in nearly 100 countries worldwide, have benefited from Grameen-type micro-capital programs.⁸ Studies have shown that women use profits to send their children to school, improve their families' living conditions and nutrition, and expand their businesses. Yunus argues that self-employment is the quickest and easiest way to create employment for the poor.⁹

The implementation of these effective initiatives is of low cost. The Borgen Project points out that while US leaders give \$230 billion a year to military contractors only \$19 billion a year are needed to achieve the UN MDG of ending extreme poverty.¹⁰ While states have side-tracked from development issues since 9/11, they have neglected the deeper causes of global instability and political violence. The massive defense budgets of developed states will never buy lasting peace if they continue to spend only a fraction of their budgets to address the plight of many developing poor countries, whose societies are destabilized by extreme poverty. Poverty is at core of a number of global crises, many of which the MDG seek to address: inequality, gender discrimination, hunger, lack of education, disease, crime, violence, political instability, armed conflict, and terrorism.¹¹ These states must comprehend that by addressing pressing global concerns, such as poverty, they will enhance their own safety and ensure the continued existence and sustained development of humanity elsewhere.

Poverty is not created by people who are poor – they are the victims. It is the failure at the top, rather than lack of capability at the bottom which is the root cause of poverty.¹² The MDG were introduced as part of a wider attempt to encourage the international community to stop talking about making a difference in the developing world and join forces to start doing something about it. If not out of ethical and moral inspirations, states must tackle global concerns, such as extreme poverty, out of self-interest, for the consequences of our past and current lack of action are, and will be regrettable.

Because of historical shortfalls on behalf of our global leaders, it is the global civil society community that has the responsibility of being the active driving force behind this global initiative, and move towards implementing policy reforms and supporting micro-capital loans as proposed by Sachs and Yunus. The task of perpetuating, improving and implementing the objectives established by the MDG has been left to our generation. This task is a collective one. It will require a global network of cooperation amongst people who are able to form and shape our global societies. Let the future say of our generation that we set forth the initiatives needed to heal our world.

Endnotes

- ¹ Jeffrey D. Sachs, “The End of Poverty”, *Time Magazine*, March 14th, 2005
- ² Global Solidarity Network
- ³ Jeffrey D. Sachs, “The End of Poverty”, *Time Magazine*, March 14th, 2005
- ⁴ Muhammad Yunus, “Eliminating Poverty Through Market-Based Social Entrepreneurship”, *Global Urban Development Magazine*, Vol. 1, Issue 1, May 2005
- ⁵ United Nations, 1995 World Summit for Social Development, Copenhagen Declaration on Social Development
- ⁶ Poverty Net from the World Bank Group: Understanding Poverty: What is Poverty?: At a Glance:
- ⁷ Jeffrey Sachs, “An accountable approach to aid”, *Financial Times*, January 24th 2005; & The Millennium Project of the UN Development Group: What are the “Quick Wins”?:
<www.unmillenniumproject.org/facts/qa8_e.htm>
- ⁸ Paragraph supported by: Grameen Bank: <<http://www.grameen-info.org/>>
- ⁹ Paragraph supported by: Muhammad Yunus, “Eliminating Poverty Through Market-Based Social Entrepreneurship”, *Global Urban Development Magazine*, Vol. 1, Issue 1, May 2005; & The Grameen Foundation
- ¹⁰ Borgen Project: Poverty reduction through political accountability: <www.borgenproject.org/>
- ¹¹ Poverty Net from the World Bank Group
- ¹² Muhammad Yunus, “Eliminating Poverty Through Market-Based Social Entrepreneurship”, *Global Urban Development Magazine*, Vol. 1, Issue 1, May 2005

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- Jeffrey D. Sachs, “An accountable approach to aid”, *Financial Times*, January 24th 2005
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- Poverty Net from the World Bank Group
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- The Grameen Bank & The Grameen Foundation
- The Millennium Project of the UN Development Group
- The UN Millennium Development Goals