The First UN Millennium Development Goal

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In the *UN Millennium Declaration* of the year 2000, the 191 member states of the UN committed themselves to the plan "to halve, by the year 2015, the proportion of the world's people whose income is less than one dollar a day and the proportion of people who suffer from hunger." This is the first and most prominent of altogether eight UN Millennium Development Goals (MDGs) as listed on the UN website.[1]

The commitment to this goal, in such a prominent text, has been widely celebrated. The governments of the world have finally united behind the goal of eradicating extreme poverty and hunger. And they have not merely endorsed this goal in a vague and general way, but have committed themselves to a concrete plan with a very specific intermediate target. Given the abject poverty in which so many human beings subsist today, this highly official and highly visible commitment is surely reason for celebration.

Isn't it?

Well, I am not so sure. In any case, I want to offer four skeptical reflections that you may wish to ponder before you join any toasts to our righteous governments.

Reflection One — on Halving the Poor

<<T1>> The goal of halving extreme poverty worldwide by 2015 is not new. It was very prominently affirmed, for instance, four years earlier, at the World Food Summit in Rome, where the 186 participating governments declared: "We pledge our political will and our common and national commitment to achieving food security for all and to an on-going effort to eradicate

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[1] See www.un.org/millenniumgoals/index.shtml. The official text of the Declaration (www.un.org/millennium/declaration/ares552e.htm), as unanimously adopted without a vote by the UN General Assembly on September 8 of the year 2000, had, in its Article 19, stated only six goals. But the difference is unimportant, reflecting merely a slight rearrangement on the website.

hunger in all countries, with an immediate view to reducing the *number* of undernourished people to half their *present* level no later than 2015."[2] <<T2>>

Is the first MDG then merely a reaffirmation of a commitment made earlier? Or even a somewhat more ambitious commitment, seeing that the reported number of extremely poor has declined between 1996 and 2000 <<T3>>?

Well, not exactly.

Looking carefully at the two texts, we find a subtle but important shift. While the earlier *Rome Declaration* spoke of halving by 2015 the *number* of undernourished, the later *Millennium Declaration* speaks of halving by 2015 the *proportion* of people suffering from hunger and extreme poverty.

Substituting "proportion" for "number" makes a considerable difference. In 2000, some 1170 million were living below $1/day.[3] Halving the *number* of extremely poor people thus would commit us to ensuring that there are no more than 585 million extremely poor people in 2015. Halving the *proportion* of extremely poor people is less ambitious. <<T4>> In 2000, the total human population was 6071 million (http://esa.un.org/unpp/), and 19.27 percent were thus living in extreme poverty. Halving the proportion means reducing this percentage to 9.64 percent. Given an expected human population of 7197 million in 2015 (ibid.), the implied goal is then to reduce the number of extremely poor people to 694 million by 2015. The planned poverty reduction shrinks to 476 million.

What makes the difference here is the increase in the reference population. As the human population increases by 18_ percent over the 2000-2015 period, so the number of extremely poor people deemed acceptable also increases by 18_ percent (from 585 to 694 million) and the planned poverty reduction correspondingly decreases by 18_ percent (from 585 to 476 million).

Sadly, the UN has found ways to cut back the planned poverty reduction even further.

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[2] Rome Declaration on World Food Security, adopted in November 1996 at the World Food Summit in Rome, which was organized by the UN Food and Agriculture Organization (FAO). The full text is available at www.fao.org/docrep/003/w3613e/w3613e00.htm. The italics are mine.

[3] UNDP: Human Development Report 2003 (New York: Oxford University Press 2003), 41, reporting 1170 million extremely poor people in 1999, the latest available year.

The formulation of the first MDG clearly specifies the end of the plan period: the year 2015. But, unlike the *Rome Declaration*, it says nothing about the start of this period — it does not specify the *status quo ante*, relative to which the one-half reduction in the percentage of poor people is to be achieved. You may think that the missing baseline is obvious: It is simply the time at which the MDGs are adopted, the year 2000. <<T5>> But this is not the interpretation the UN itself uses for purposes of tracking progress. The UN uses 1990 as the baseline, thereby expanding the plan period to 25 years. It interprets the goal to be that the proportion of extremely poor people should in 2015 be no more than half of what it was in **1990** (www.un.org/millenniumgoals/MDG-Page1.pdf).

The use of 1990 rather than 2000 as the baseline has two important implications. First, the 1990s have seen a dramatic reduction in the number of extremely poor people in China, the world's most populous country. By extending the plan period backwards, this reduction by roughly 100 million people is counted toward the goal, which thus becomes much more easily achievable. Thanks to China's success, extreme poverty in the entire "East Asia and the Pacific" region has been halved by 1999 already! One year *before* the *Millennium Declaration* was even adopted.

Secondly, a longer plan period — 25 years instead of 15 — means a much greater population increase from the start to the end of the period. And, as we have seen already, this population increase also contributes greatly towards achieving the goal.

To state this theoretically: The proportion of extremely poor people is a fraction that has the number of extremely poor people in the numerator (top) and some reference population in the denominator (bottom). A fixed reduction in the value of such a fraction, here by one half, can come about through a decrease in the numerator and/or through an increase in the denominator. The greater the increase in the denominator, which occurs simply through population growth, the less of a reduction needs to be achieved in the numerator.

By lengthening the plan period, the UN *doubles* the expected increase in the denominator and thus reduces substantially the required reduction in the numerator: While the human population is expected to increase by 18_ percent in the 2000-2015 period, its increase over the

longer 1990-2015 period is expected to be twice that: 36.7 percent (from 5265 to 7197 million — http://esa.un.org/unpp/). <<T6>>

Let's observe the effect of lengthening the plan period in terms of actual numbers. In 1990, 1292 million people or 24.54 percent of the world's population were considered extremely poor (UNDP 2003, 41). Halving this percentage, the goal would then be that in 2015 no more than 12.27 percent of the then 7197 million human beings should be living in extreme poverty. So the number of extremely poor deemed acceptable in 2015 is raised once again: to 883 million. And the planned 2000-2015 poverty reduction correspondingly cut back to 287 million.

But we are still not done, as the UN has found a way of making the goal even less ambitious through regional disaggregation. <<T5>> It interprets the goal to be that the proportion of extremely poor people should be halved **within each region** (www.un.org/millenniumgoals/MDG-Page1.pdf). This produces a further cut-back in the planned poverty reduction because the regions with higher poverty incidence are also the regions with faster population growth.

To avoid an overdose of numbers, let us just observe the effect of taking the developed countries, where extreme poverty is negligible or non-existent, out of the picture. <<T7>> The population of the remaining developing countries grows faster than that of humankind at large. It is expected to increase by 45 percent (from 4115 to 5967 million) in the 1990-2015 period. The goal of halving extreme poverty therefore becomes even less ambitious if the number of poor is put in proportion not to the growing human population, but to the faster-growing population of the developing countries. In 1990, 31.4 percent of this population were extremely poor — 1292 out of 4115 million. Thus the figure deemed acceptable for 2015 is 937 million — 15.7 percent of 5967 million. And so the planned poverty reduction is cut back once again: On the UN interpretation of MDG-1, the world's governments have, in the *Millennium Declaration*, committed themselves to reducing the number of extremely poor persons from 1170 million when the Declaration was adopted in 2000 to 937 million by 2015. This is a reduction by only 233 million or less than 20 percent!

<<T8>> Let me sum up my first reflection. MDG-1 is meant to supersede a commitment the world's governments had made years earlier, notably at the 1996 World Food Summit in Rome. There they promised to reduce the *number* of extremely poor to half its *present* (1996) level, from 1300 to 650 million. MDG-1 departs from this earlier commitment in three important respects: First, our governments' goal is now to halve the *proportion* of extremely poor people, not their number. Second, the plan period has been extended backward in time, having it start not when the commitment is made but already in 1990. Third, the commitment is now disaggregated by region, which further cuts back the planned poverty reduction and also tends to detract from the ***global*** reach of our moral responsibility.

Compared to the 1996 World Food Summit commitment, MDG-1 as interpreted by the UN ***raises*** the number of extremely poor people deemed acceptable in 2015 by 287 million (from 650 to 937 million) and thereby ***cuts back*** by over 55 percent (from 520 to 233 million) the reduction in this number which governments must achieve during the 2000-2015 period. Had we stuck to the promise of Rome, our task in 2000 would have been to reduce the extremely poor by 520 million. The ***Millennium Declaration*** promises a reduction by only 233 million.

Reflection Two — on Counting the Poor

My first reflection may have been a little discomforting. However, there is other good news. In the words of World Bank President James Wolfensohn: "After increasing steadily over the past two centuries, since 1980 the total number of people living in poverty worldwide has fallen by an estimated 200 million — even as the world's population grew by 1.6 billion."[4] Thus, the world's politicians may not be moving as vigorously or as quickly toward the eradication of extreme poverty as we might have believed or might wish, but at least things are moving in the right direction and at a reassuring pace.

Are they really? <<T9>>

[4] James D. Wolfensohn: "Responding to the Challenges of Globalization: Remarks to the G-20 Finance Ministers and Central Governors," Ottawa, November 17, 2001, www.worldbank.org/html/extdr/whatsnew2001.htm. These estimates appear to be drawn from World Bank: Globalization, Growth, and Poverty (New York: Oxford University Press 2002), http://econ.worldbank.org/prr/globalization/text-2857/, 8.

The numbers Wolfensohn is referring to are produced by his own organization, the World Bank, which has pioneered the dominant method for counting the income poor and also collects the most comprehensive empirical data from household surveys and other studies. These World Bank estimates — precise to six digits — are widely reproduced by other UN agencies (most notably the UN Development Programme) as well as by the media. And they are the numbers the UN is using to track how well the world's governments are doing in regard to the eradication of extreme poverty.

It is unfortunate, then, that the World Bank's estimates are so poorly derived as to be essentially worthless, even as very rough indicators to the global poverty problem and its evolution over time. Detailed substantiation of this critique, which was elaborated in joint work with my economist colleague Sanjay Reddy, can be found elsewhere.[5] Here I briefly present our main conclusions. <<T10>>

The World Bank's method, initially introduced around 1990, involves three steps. First, its users stipulate the level of a poverty line, defined in terms of the purchasing power that some specific country's currency had in this country in some specific base year. Until 1999, the Bank's chosen benchmark was an income of $1 per person per day in the US in 1985. More recently, the Bank has used an income of $1.08 per person per day in the US in 1993 — a revision that, because US inflation was 34.3 percent in the 1985-93 period (www.bls.gov/cpi/home.htm), involved a lowering of the benchmark in the US by 19.6 percent.

Second, such users undertake a spatial translation of this benchmark by calculating, for the chosen year, the equivalent amounts in the currencies of other countries, using the official purchasing power parity conversion factors (PPPs) of the base year. And, third, they undertake a temporal translation by converting any country's base-year amount into its equivalents for other years on the basis of that country's consumer price index (CPI). Together, these three steps yield national-currency poverty lines for any country-year combination. These national poverty lines — supposedly mutually equivalent — are then used to judge whether any given household in any particular country and year is poor or not.

Our first critique, concerning Step 1, is that the benchmark chosen by the Bank is too low. According to the US Department of Agriculture, the least cost of home cooking, meeting a minimal calorie constraint[6] and a set of other minimal nutrient constraints, was around $3 per person per day in the US in 1993.[7] Applying the World Bank's official international poverty line in its base country and base year — the United States in 1993 — we find that it does not correspond to an income that suffices to pay even just for food alone.

Our second critique, concerning Step 2, targets the way the Bank converts its US-Dollar benchmark into foreign-currency equivalents. The Bank does so, unobjectionably, not *via* market exchange rates, but by examining the prices prevailing in the two countries.

Now price ratios between rich and poor countries vary widely across commodities. For goods easily traded across borders — like food grains or cars — prices compared at market exchange rates differ little between rich and poor countries. For goods and especially services, which are not easily traded across borders, prices compared at market exchange rates can be fifty times higher in rich countries than in poor ones. Labor, especially, is very much cheaper in poor countries because it is there much more abundant relative to capital and also prevented from moving freely across borders to where wages are higher.

How do PPPs reflect this great variety of price ratios? The PPPs used by the Bank average out these price ratios in a way that, roughly speaking, weights each good or service in proportion to its share in international consumption expenditure. Such PPPs would assign equivalent purchasing power to US$100 and 1300 Bangladeshi Taka, for example, if the former amount buys X times as much tradables in the US than the latter buys in Bangladesh and the latter amount buys X times as much nontradables in Bangladesh than the former buys in the US and tradables and nontradables have equal shares in international consumption expenditure.

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[5] Sanjay Reddy and Thomas W. Pogge: "How Not to Count the Poor" and Thomas W. Pogge and Sanjay Reddy: "Unknown: The Extent, Distribution, and Trend of Global Income Poverty," both available at www.socialanalysis.org.

[6] Varying between 1600 and 2800 calories depending on age and gender.

[7] USDA: Thrifty Food Plan, 1999: Administrative Report (Washington D.C.: USDA Center for Nutrition Policy and Promotion 1999), www.usda.gov/cnpp/FoodPlans/TFP99/TFP99Report.pdf. According to this guide for low income households and government agencies, a reference family consisting of a male and a female ages 20 to 50, and two children ages 6 to 8 and 9 to 11 needs at least $98.40 (1999) per week for food. Much earlier, the USDA had estimated the cost of three minimally adequate meals a day for a typical family of two adults and two children at $2.736 (1963) per day (Bradley

Now the market exchange rate of the Bangladeshi currency is 4_ times higher than its PPP, not 13 but 58 Taka to the Dollar. The PPP calculated for the Bangladeshi currency thus reflects the view that money buys 4_ times more in Bangladesh than in the US. This view is appropriate for households whose consumption expenditure mirrors the international pattern. But this view is highly misleading with regard to very poor Bangladeshi households which spend little or nothing on nontradables, such as services, which are especially cheap in Bangladesh. These households have no choice. To survive they must concentrate their expenditures on basic necessities, especially foodstuffs. And there is considerable evidence that prices of foodstuffs and other basic necessities are substantially higher in poor countries than general-consumption PPPs would suggest (Reddy and Pogge, Tables 6-11).

Given Bangladesh's PPP of 13, the World Bank assumes that a Bangladeshi family of four with annual income of 26,000 Taka is as well off as a similar US family with $2000 per year. This is a mistake because, for such a poor Bangladeshi family, the disadvantage — that 26,000 Taka buys much less food in Bangladesh than $2000 buys in the US — is not compensated by the fact that 26,000 Taka also buys much more services in Bangladesh than $2000 buys in the US. The reason is that such a poor household does not spend money on services: on drivers, maids, or even haircuts. It simply cannot afford to do so. To survive, it must spend nearly all its income on basic foodstuffs. And it is then very much worse off with its 26,000 Taka per year in Bangladesh than a similar household with $2000 per year in the US. In the Bank's latest PPP base year, 1993, for example, the Bangladeshi Taka bought 47 percent less in breads and cereals than its assessed PPP was suggesting (Reddy and Pogge, Table 6B).

Here is then the upshot of our second critique: If we think of the extremely poor as those who lack minimally adequate access to basic necessities, then we must conclude that, even if the World Bank's poverty line were adequate for the US, where food is cheap relative to services, the Bank, by using general-consumption PPPs for converting its IPL into national poverty lines, may still have greatly undercounted the poor in many poor countries where food is more expensive relative to services than it is in the US.

R. Schiller: The Economics of Poverty and Discrimination (Upper Saddle River, N.J.: Prentice Hall 2001)). Both estimates, adjusted for inflation (www.bls.gov/cpi/home.htm), come to about $3 (1993) per person per day.

Our second critique reinforces the first, suggesting that the national poverty lines the World Bank applies to poor countries are too low to be credible. The Bank is wrong in suggesting that a family of four can meet its basic needs on $2000 per year in the US. This is the first critique. And the Bank is wrong again in using general-consumption PPPs to translate this amount into foreign currencies. 26,000 Taka may have the same purchasing power in Bangladesh as $2000 have in the US *with respect to goods and services in general*. But what matters for poverty assessment is that 26,000 Taka in Bangladesh do not have nearly as much purchasing power as $2000 have in the US *with respect to basic necessities*.

Our first two critiques suggest that the number of people who cannot meet their basic needs is much greater than World Bank estimates suggest. You may think that this is not so important in the context of tracking progress toward achieving the first UN MDG. If more credible, that is higher, poverty lines were used to count the poor, more people would be counted as poor. But this would be true for all years and thus would make no difference to the upbeat trend assessment delivered by Mr. Wolfensohn. <<T11>>

However, more credible poverty lines would not deliver the same trend picture. We know this from the Bank's own estimates. The Bank reports that, during 1987-98, the number of people living below its international poverty line has fallen by 0.7 percent, from 1183.19 to 1175.14 million, while the number of people living on less than twice this benchmark has risen by 10.3 percent, from 2549.01 to 2811.73 million, over the very same period.[8] These numbers strongly suggest that, had the Bank used more credible — higher — poverty lines, it would have reported a more miserable trend picture. <<T10>>

Our third critique is that the World Bank's method is internally unreliable insofar as the poverty estimates it produces depend not only on the empirical data but also, and very substantially, on the chosen PPP base year. The reason for this is that PPPs and CPIs invoke very different notions of equivalency. For example: The equivalence, in India, of 1562 Rupees in 1985 with 2756 Rupees in 1993 means that these two amounts had, in their respective years, the same purchasing power relative to the Indian pattern of consumption expenditure. The

[8] Shaohua Chen and Martin Ravallion: "How Did the World's Poorest Fare in the 1990s?," Review of Income and Wealth 47 (2001), 283-300, 290.

equivalence, in the US, of $293 in 1985 with $393 in 1993 means that these two amounts had, in their respective years, the same purchasing power relative to the US pattern of consumption expenditure. And the equivalence, in 1993, of 2756 Rupees in India with $393 in the US means that these two amounts had, in their respective countries, the same purchasing power relative to the prevailing international pattern of consumption expenditure. Because the composition of consumption expenditure varies greatly between India, the US, and the world at large, it is a mistake to combine such equivalencies by transitivity — e.g. like this:

$293 in the US in 1985 is equivalent to $393 in the US in 1993
$393 in the US in 1993 is equivalent to 2756 Rupees in India in 1993
2756 Rupees in India in 1993 is equivalent to 1562 Rupees in India in 1985
Therefore:
$293 in the US in 1985 is equivalent to 1562 Rupees in India in 1985

Drawing this inference is a mistake, because the inferred equivalence would not hold up if we compared the two amounts directly, *via* 1985 PPPs, or in some other indirect way, *via* PPPs of some base year other than 1993. <<T12>>

Fortunately, I need not rest with the theoretical statement of the difficulty. The World Bank has delivered extensive poverty estimates based on two different PPP base years: 1985 and 1993. This switch in base year has made a huge difference to how the various currencies are valued relative to one another. For example, if 1993 rather than 1985 is used as the PPP base year, then the purchasing power of all Mauritanian incomes in all years more than triples relative to that of all Nigerian incomes in all years. The World Bank's switch in base year had the effect of raising Nigerian poverty lines for all years by 42 percent and of lowering Mauritanian poverty lines for all years by 61 percent (Reddy and Pogge, Table 5). Discrepancies of this kind, of varying magnitudes, can be found across all pairs of countries.

The effect of these revisions in national poverty lines on reported national poverty rates and headcounts is even more dramatic. In 1999, applying its method with 1985 as the PPP base year, the Bank reported very similar poverty rates for Nigeria and Mauritania, of 31.1 and 31.4

percent respectively. In 2000, applying its method with 1993 as PPP base year, the Bank reported poverty rates for Nigeria and Mauritania of 70.2 and 3.8 percent respectively.[9]

Similarly for regions: In 1999, applying its method with 1985 as PPP base year, the Bank reported that in 1993 Sub-Saharan Africa and Latin America had poverty rates of 39.1 and 23.5 percent, respectively.[10] In 2000, applying its method with 1993 as PPP base year, the Bank reported that these same regions in the same year (1993) had poverty rates of 49.7 and 15.3 percent, respectively.[11]

At any time, the classification of hundreds of millions of people as either poor or non-poor depends on the World Bank's arbitrary choice of PPP base year. And this is bound to affect the trend picture as well. In 1999, applying its method with 1985 as PPP base year, the Bank had painted a rather less reassuring portrait of world poverty than Wolfensohn was presenting two years later. Then the same World Bank wrote: "the absolute number of those living on $1 per day or less continues to increase. The worldwide total rose from 1.2 billion in 1987 to 1.5 billion today and, if recent trends persist, will reach 1.9 billion by 2015" (World Bank 1999, 25).

Our third critique demonstrates, then, that the World Bank's method for producing poverty estimates is unreliable. We cannot show this by comparing the Bank's estimates to ones produced by a more reliable method — no such estimates have yet been produced. We show the unreliability of the Bank's method simply by comparing estimates produced with this method to one another. A method must be rejected if the estimates produced with it bounce around as much as we have just observed in response to the arbitrary choice of PPP base year, which of course has nothing whatsoever to do with the actual economic circumstances of poor

[9] It is true that new survey data had become available in the interim. Still, the revision of the two countries' poverty lines clearly had a huge impact on their estimated poverty rates. And cases where the very same survey data were used tell a similar story: The Bank's revision raised Turkmenistan's poverty rate from 4.9% to 20.9%, for example, while lowering South Africa's from 23.7% to 11.5%. Cf. Reddy and Pogge, Tables 2 and 3, for how the Bank's poverty rate estimates have changed for these and many other countries. Our tables are based on comparing Table 4 in World Bank: World Development Report 1999/2000 (New York: Oxford University Press 1999, www.worldbank.org/wdr/2000/fullreport.html), 236-37, which still provides national poverty estimates based on the 1985 PPP base year, with Table 4 in World Bank: World Development Report 2000/2001 (New York: Oxford University Press 2000, www.worldbank.org/poverty/wdrpoverty/report/index.htm), 280-81, which provides national poverty estimates based on the 1993 PPP base year.

[10] Cf. Reddy and Pogge, Table 4, based on World Bank 1999, 25, and Martin Ravallion and Shaohua Chen: "What Can New Survey Data Tell Us About Recent Changes in Distribution and Poverty?," in The World Bank Economic Review 11/2 (1997), 357-82, Table 5.

[11] World Bank 2000, 23; and Shaohua Chen and Martin Ravallion: "How Did the World's Poorest Fare in the 1990s?," www.worldbank.org/research/povmonitor/pdfs/methodology.pdf, Table 2.

people. Remember, depending on which PPP base year it uses, the Bank estimates Nigeria's poverty rate to be either slightly lower, or 18 time higher, than Mauritania's.

A reliable method for monitoring how the world is doing in regard to the income poverty component of the First UN MDG must avoid using PPPs and CPIs. To do so, this method must make purchasing-power comparisons not relative to diverse and very broad consumption baskets (the many national patterns and the international pattern of private consumption expenditure), but relative to one very much narrower consumption basket consisting of basic necessities. A reliable method defines poverty not in terms of some arbitrary dollar amount, but in terms of the basic requirements of human beings. Such a definition provides a benchmark that is both credible and uniformly applicable across all countries and years. Persons are poor if they do not have enough income to buy the basic necessities human beings generally require.

Reflection Three — on Speed and Cost of Alleviating Poverty

<<T13>> However little may be known about income poverty trends, we certainly know that the problem of world poverty is catastrophic. Among some 6133 million human beings (in 2001), about

799 million are undernourished (UNDP 2003, 87),

880 million have no access to basic medical care,[12]

1000 million lack access to safe drinking water (UNDP 2003, 9),

2400 million lack basic sanitation (*ibid*.),

1000 million lack adequate shelter,[13]

2000 million have no electricity (UNDP 1998, 49),

876 million adults are illiterate (UNDP 2003, 6),

250 million children (aged 5 to 14) do wage work outside their family, 8.4 million of them in the "unconditionally worst" forms of child labor, "defined as slavery, trafficking, debt bondage

[12] UNDP: Human Development Report 1999 (New York: Oxford University Press 1999), 22.

[13] UNDP: Human Development Report 1998 (New York: Oxford University Press 1998), 49.

and other forms of forced labour, forced recruitment of children for use in armed conflict, prostitution and pornography, and illicit activities."[14]

"Worldwide 34,000 children under age five die daily from hunger and preventable diseases."[15] One third of all human deaths — some 18 million per year or 50,000 daily — are due to poverty-related causes (such as starvation, diarrhea, pneumonia, tuberculosis, measles, malaria, perinatal and maternal conditions) which could be prevented or cured cheaply through food, safe drinking water, vaccinations, rehydration packs, medicines, or better sanitation and hygiene.[16] Females are substantially overrepresented among those suffering these deprivations (UNDP 2003, 310-30).

At 18 million per year, the global poverty death toll over the 15 years since the end of the Cold War was around 270 million, roughly the population of the US. If the magnitude of the world poverty problem remains constant, the poverty death toll for the period from the *Millennium Declaration* to 2015 will likewise be about 270 million. Of course, this UN *Declaration* is a commitment to reduce the number of extremely poor by 20 percent (from 1170 million in 2000 to 937 million in 2015), and hence presumably the number of deaths as well. If all goes according to plan, we might then gradually reach an annual poverty death toll of 14 million in 2015, with "only" say 240 million deaths from poverty-related causes in the 2000-2015 period.

Is this really a morally acceptable plan? A plan that deserves to be celebrated? <<T14>>

Consider some of the other catastrophes of the last century. The genocide in Rwanda, for example. As you know, the UN and the rest of the world stood idly by while some 800,000 people were hacked to death. But suppose some US politician had said, in April of 1994, that the genocide in Rwanda is really terrible and that the world's governments should commit themselves to reducing the annual number of slaughtered by 20 percent by the year 2009. How would this have been received? Or suppose a US politician had said, in 1942, that the German

[14] www.ilo.org/public/english/standards/ipec/simpoc/stats/4stt.htm; International Labour Organisation: A Future Without Child Labour , (www.ilo.org/public/english/standards/decl/publ/reports/report3.htm) 9, 11, and 18.

[15] United States Department of Agriculture: U.S. Action Plan on Food Security, 1999, p. iii (www.fas.usda.gov/icd/summit/pressdoc.html).

[16] World Health Organisation: The World Health Report 2001 (Geneva: WHO Publications 2001, www.who.int/whr/2001), Annex Table 2.

concentration camps are totally unacceptable and that the world's governments should make a firm commitment to achieve a 20-percent reduction in the size of these camps by the year 1957 (which goal could perhaps more appealingly have been presented as a 50-percent reduction in the proportion of the world's population, or of the world's non-Aryan population, languishing in German concentration camps). People would have been absolutely horrified by such a proposal.

So why were we not similarly horrified when the world's politicians promised, in 2000, to reduce extreme poverty so that, 15 years later, the number it affects will have declined from 1170 to 937 million and the annual death toll from 18 to 14 million? Why do we regard such a promise as an occasion for celebration and self-congratulation?

You may respond that the reason is cost. We simply cannot solve the problem any faster without huge costs to the cultures and economies of the advanced industrialized countries. You will admit that fighting the Nazis was costly too and that decent people, even ones not themselves under threat, were nonetheless convinced that the killings simply had to be stopped, with all deliberate speed. But the cost of fighting world poverty, you may say, is much greater still. As Richard Rorty puts it, "the rich parts of the world may be in the position of somebody proposing to share her one loaf of bread with a hundred starving people. Even if she does share, everybody, including herself, will starve anyway."[17] How could it be wrong to refuse such a pointless course of self-sacrifice? <<T15>>

This response rests on a misconception. However immense the world poverty problem is in human terms, it is amazingly tiny in economic terms. We can get a sense of this by using the World Bank's poverty estimates for a purpose for which they were not intended. These figures give us a rough sense of what the aggregate income is of all the people the Bank considers extremely poor. Assessed at market exchange rates, these 1200 million people have collective annual income of about $106 billion and would need additional income of about $45 billion annually to reach the Bank's '$1/day' benchmark.[18]

[17] Richard Rorty: "Who are We? Moral Universalism and Economic Triage," Diogenes 173 (1996), 10.

[18] The calculation is analogous to that in the next footnote.

As I have said, the Bank's benchmark is far too low. So let us look at the Bank's statistics about those living on less than twice its benchmark. Assessed at market exchange rates, these 2800 million people have collective annual income of about $400 billion and would need additional income of roughly $300 billion annually to reach the Bank's '$2/day' benchmark.[19] How large are these amounts?

Start with the first amount. The collective income of the $2/day-poor, nearly half of humankind, constitutes about 1_ percent of the annual global social product of $31,500 billion. With only one third as many people, the rich countries, by contrast, have 64 times that much income: 81 percent of the global social product (World Bank 2003, 235). <<T16>>

Consider the second amount, the additional annual income of $300 billion that the presently poor would need in order to reach the Bank's '$2/day' benchmark. This is 1.18 percent, or 1/85th, of the $25,506 billion annual aggregate national incomes of the rich countries.

This $300-billion amount also is only about 40 percent of what the world is spending this year just on crude oil. It is well below the military budget of the US alone. And it is far less also than the so-called peace dividend, which the rich countries reaped when they reduced their military spending after the end of the Cold War.[20] Rorty's idea that universal starvation would result from an all-out effort to eradicate world hunger completely — this idea is simply preposterous.

While the $300-billion amount is quite small relative to our means, it is also six times larger than what the rich countries are actually spending on official development assistance or ODA. Initially meant to reach 1 percent, later 0.7 percent of the rich countries' GNP, actual ODA has

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[19] These figures are rough estimates derived as follows. If all people with incomes below '$2/day' were exactly at this benchmark, then the purchasing power of their collective annual income would be that of $2200 billion in the US in 1993 ($2.15 * 365 * 2800 million), which corresponds to the purchasing power of $2800 billion today (www.bls.gov/cpi/home.htm). Yet, those who are poor in this sense live, on average 42.79 percent below the '$2/day' benchmark (Chen and Ravallion 2001, tables 2 and 3, dividing the poverty gap index by the headcount index). So they have collective annual income with aggregate purchasing power of about $1600 billion and would need additional annual income with aggregate purchasing power of about $1200 billion annually for all of them to reach the Bank's '$2/day' benchmark. I divide these two figures by four to adjust for the fact that the purchasing power the Bank ascribes to the incomes of very poor people is, on average, at least four times greater than their value at market exchange rates. Thus the World Bank equates India's per capita gross national income of $460 to $2,450 PPP, China's $890 to $4,260 PPP, Nigeria's $290 to $830 PPP, Pakistan's $420 to $1,920 PPP, Bangladesh's $370 to $1,680 PPP, Ethiopia's $100 to $710 PPP, Vietnam's $410 to $2,130 PPP, and so on (World Bank: World Development Report 2003 (New York: Oxford University Press 2003), 234-5).

[20] After the end of the Cold War, the developed countries were able to reduce their military expenditures from 4.1 percent of their combined GDPs in 1985 to 2.2 percent in 1998 (UNDP 1998, 197; UNDP: Human Development Report 2000 (New York: Oxford University Press 2000), 217). With their combined GDPs at $25,104 billion in the year 2001 (World Bank 2003, 239), their peace dividend in 2001 comes to about $477 billion.

steadily fallen throughout the prosperous 1990ies, from 0.33 percent to 0.22 percent of the rich countries' aggregate GNP. The US, with nearly one third of the entire global social product, is allocating only 0.11 percent of its GNP to ODA. Moreover, most ODA is spent for the benefit of agents capable of reciprocation: Only 23 percent goes to the 49 least developed countries. While India receives about $1.50 annually per citizen, high-income countries like the Czech Republic, Malta, Cyprus, Bahrain, and Israel receive between $40 and $132 per citizen annually (UNDP 2002, 203-205). A large part of ODA is allocated to support exporters at home or small affluent elites abroad, and only a tiny fraction, $3.73 billion, goes for "basic social services" targeted on the poor.[21]

To be sure, some affluent countries do much better than the average, and five small ones — Norway, Sweden, Denmark, Luxembourg, and the Netherlands — come close to fulfilling their obligations (UNDP 2003, 290). If the other affluent countries spent as much on ODA as these five and focused their ODA sharply on poverty eradication, then severe poverty worldwide could be essentially eliminated well before 2015.

A large proportion of humankind live in severe poverty, lacking secure access to basic necessities. This is nothing new. What is new is that global inequality has increased to such an extent that such poverty is now completely avoidable at a cost that would barely be felt by the world's affluent people.

Reflection Four — on Positive and Negative Responsibility, Harming versus Benefiting

The hypothetical of US politicians proposing a planned 20-percent reduction over 15 years in response to the mass deaths in Germany or Rwanda suggested that the go-slow approach adopted and celebrated by the world's governments today is morally no better than such a hypothetical go-slow approach would have been in 1942 or 1994.

The fact that a real effort toward eradicating world poverty would be less costly than the defeat of Nazi Germany suggests that the present go-slow approach against world poverty may actually be morally worse than the hypothetical go-slow approach against the Nazi

[21] See http://millenniumindicators.un.org/unsd/mi/mi_series_results.asp?rowId=592.

concentration camps as advocated by the imagined US politician: It is for the sake of small gains that the world's affluent countries are refusing to undertake a much more substantial push against world poverty.

My final reflection will highlight an additional asymmetry. The US bore no significant responsibility for the existence of the Nazi death camps; and the (hypothetical) commitment to reduce their size by 20 percent over 15 years was then responsive to a merely positive duty to assist innocent persons caught in a life-threatening emergency. The governments and citizens of today's affluent countries conceive of their relation to the world poverty problem analogously: We tend to believe that we bear no significant responsibility for the existence of this problem and that our only moral reason to help alleviate world poverty is therefore our merely positive duty to assist innocent persons caught in a life-threatening emergency. This belief, however, is highly questionable.

Our world is marked by enormous inequalities in economic starting places. Some are born into abject poverty with a 30-percent chance of dying before their fifth birthday. Others are born into the civilized luxury of the Western middle class. These huge inequalities have evolved in the course of an historical process that was pervaded by monumental crimes of slavery, colonialism, and genocide — crimes that have devastated the populations, cultures, and social institutions of four continents. You will be quick to point out that you had nothing to do with these crimes and that it would be quite wrong to hold you to account for the sins of your forefathers. And right you are!

But if you can not inherit your forefathers' sins, then why can you inherit the *fruits* of their sins, the huge economic superiority prevailing at the end of the colonial period? In 1960, when most former colonies gained their independence, the inequality in *per capita* income between Europe and Africa, for example, was 30 to 1. Foreign rule was removed. But the great inequality built up through it was left in place, making for a very unequal start into the post-colonial era.

You may think that the situation in 1960 is too long ago to contribute much to the explanation of severe poverty today. But consider what a 30-to-1 inequality means. Even if Africa had consistently achieved growth in *per capita* income one full percentage point higher than

Europe, this inequality ratio would still be 20 to 1 today. At that rate, Africa would be catching up with Europe at the beginning of the 24th century.

Consider also the impact that such huge inequalities have in negotiations about the terms of trade. With the exception of a few giants, such as China and India, poor countries have little bargaining power in international negotiations and also cannot afford the expertise needed to represent their interests effectively. (Such expertise can be quite costly. Recall that the initial WTO Treaty weighed in at over 400 lbs or 26,000 pages.) As a result, they typically end up with a lousy deal. They opened their markets widely to foreign companies, paying royalties to foreign firms for films, music, drugs, and even seeds, while still finding their own exports severely hampered by rich-country quotas, tariffs, anti-dumping duties and subsidies to domestic producers, all of which were somehow exempted from the supposed Big Move to free and open markets. Such asymmetries in the terms of trade surely play some role in explaining why the inequality in *per capita* income between Europe and Africa has not declined, but has rather increased considerably since the end of the colonial period. Today it stands at roughly 40 to 1.

Because of their influence on the design of common rules, pre-existing inequalities tend to be preserved and often aggravated. This phenomenon can be observed within national societies, in which economic inequality tends to be quite stable over time. High inequality in Latin America and the US persists over time, just as low inequality does in Scandinavia and Japan. Such stable diversity suggests that inequality is path-dependent, that high inequality tends to reproduce itself because it gives the rich much greater power and also much stronger incentives to shape the common rules in their favor. One-person-one-vote democracy may mitigate this tendency for high inequality to reproduce itself within national societies. But there are no democratic practices the global poor might use to affect the rules of the game beyond their own society. Even 85 percent of humankind, united, could not amend the WTO treaty system.

The affluent countries and their citizens are then implicated in world poverty in two ways. We are implicated, first, because our great privileges and advantage as well as their extreme poverty and disadvantage have emerged through one historical process that was pervaded by

unimaginable crimes. To be sure, we bear absolutely no moral responsibility for these crimes, even if we are direct descendants of people who do. Still, we are at fault for continuing to enforce the extreme inequalities that have resulted from those historical crimes.

Secondly and independently, we are implicated because we are using our economic, technological, and military advantages to impose a global institutional order that is manifestly and grievously unjust. How do I know this order is unjust? Simply by the fact that — quite foreseeably and quite avoidably — half of all human beings are living in abject poverty and one third of all human deaths are from poverty-related causes. By imposing this grievously unjust global order upon the rest of the world, the affluent countries, in collaboration with the so-called elites of the developing countries, are harming the global poor — to put it mildly. To put it less mildly, the imposition of this global order constitutes the largest, though not the gravest, crime against humanity ever committed.

Most of those who reject this view are misled by either of two thoughts, which I will briefly address in conclusion.

One thought is that our global institutional order cannot possibly be harming the global poor when severe poverty worldwide is in decline. This thought is powerfully reinforced by the vast debate about globalization in which statements about the global poverty trend, about being "on track" toward the first UN MDG, have come to play a pivotal role.

As demonstrated earlier, we do not know whether severe poverty is in decline or not. But assume that it is. It does not follow that the existing global order is not harming the poor. After all, severe poverty may be going down not *because of*, but *despite* this order. Just as a boat may make progress even against a strong current or headwind, so the global poor may be making progress even against global rule-making processes that conspire against them.

Moreover, even if the global institutional order were having a poverty-reducing effect, it might still be harming the global poor severely. Think of a slave-holding society, like the US in its first 70 years. Suppose its institutional order, by raising overall prosperity, was gradually improving the slaves' condition. Does it follow that this order was not harmful to those whose enslavement it authorized? And does a gradual improvement in the condition of those

condemned to serfdom or corvée labor in feudal Russia or France really show that the people on whom these conditions were imposed suffered no harm? Obviously not! Obviously, whether an institutional order is harming people in the morally relevant sense depends not on a diachronic comparison with an earlier time, but on a counterfactual comparison with its feasible institutional alternatives. How conditioned most of us are! To take comfort in the asserted decline of global poverty, thinking of our rich countries as benefactors of the global poor because the institutional order we impose upon them kills fewer people each year — rather than taking intense discomfort in the fact that a feasible alternative global order would avoid all or most of such life-threatening poverty.

<<T17>> The other misleading thought is that severe poverty today must be traced back to causal factors that are domestic to the countries in which such poverty persists. This seems self-evident from the fact that severe poverty has evolved very differently in different countries — rapidly melting away in Japan, the Asian tigers, and more recently China while worsening considerably in Africa. Since all these countries have been developing under the same global institutional order, this order cannot be at fault for the persistence of widespread severe poverty in some of them.

Now it is true that there are great international variations in the evolution of severe poverty. And it is true that these variations must be caused by local (country-specific) factors. But it does not follow that these must be the only causally relevant factors, that global factors are irrelevant.

To see the fallacy, consider this parallel: There are great variations in the performance of my students. These variations must be caused by local (student-specific) factors. These factors, together, fully explain the overall performance of my class.

Clearly, the parallel reasoning results in a falsehood: The overall performance of my class also crucially depends on the quality of my teaching and on various other “global” factors as well. This shows that the inference is invalid.

To see this more precisely, one must appreciate that there are two distinct questions about the evolution of severe poverty. One concerns the observed variation in national trajectories. In

the answer to this question, local factors must play a central role. Yet, however full and correct, this answer may not suffice to answer the second question, which concerns the overall evolution of poverty worldwide: Even if student-specific factors explain observed variations in the performance of my students, the quality of my teaching may still play a major role in explaining why they did not on the whole do much better or worse than they actually did. Likewise, even if country-specific factors fully explain the observed variations in the economic performance of developing countries, global factors may still play a major role in explaining why they did not on the whole do much better or worse than they did in fact.

In this connection, we should bear in mind that many of the country-specific factors commonly adduced to explain the persistence of poverty are themselves sustained by features of the present global order. Thus, Rawls is quite right that when societies fail to thrive, "the problem is commonly the nature of the public political culture and the religious and philosophical traditions that underlie its institutions. The great social evils in poorer societies are likely to be oppressive government and corrupt elites."[22] But he completely fails to note that such oppression and corruption are very substantially encouraged and sustained by global factors such as the international resource and borrowing privileges,[23] the still poorly policed bribe-paying practices of multinational corporations,[24] and the international arms trade.[25]

Reflection Four supports the conclusion that the affluent countries, partly through the global institutional order they impose, bear a very substantial causal and moral responsibility for the persistence of world poverty. As citizens of these countries, we thus have not merely a positive duty to assist innocent persons caught in life-threatening emergencies, but also a more stringent negative duty to work politically toward ending the severe harms for which we share responsibility and to help protect their innocent victims.

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[22] John Rawls: "The Law of Peoples," in Stephen Shute and Susan Hurley, eds.: On Human Rights (New York: Basic Books 1993), 77.

[23] Cf. my World Poverty and Human Rights (Cambridge: Polity Press 2002), chapters 4 and 6.

[24] "Plenty of laws exist to ban bribery by companies. But big multinationals continue to sidestep them with ease" — so the situation is summarized in 'The Short Arm of the Law,' Economist, 2 March 2002, 63-5, at 63.

[25] According to the Congressional Report Conventional Arms Transfers to Developing Nations 1994-2001, www.fas.org/asmp/resources/govern/crs-rl31529.pdf, conventional arms transfers into developing countries were valued at $16 billion in 2001; $7 billion thereof were delivered by the US, which that year provided less than one fifth of this amount in ODA for basic social services worldwide (note 21).

All four reflections I have presented challenge the way we in the affluent countries think about world poverty. They challenge views that are widely taken for granted in the rich countries: about the extent and trend of world poverty, about our response to world poverty, about the causal explanation of world poverty, and about our moral responsibility with regard to world poverty. None of these challenges is especially deep or subtle. Anyone with a basic high-school education could have examined the arithmetic of the poverty targets, could have noticed that PPPs are irrelevant to the real ability of the very poor to meet their needs, could have worried that we may be harming the poor even if their number declines, or could have considered the feasibility of much faster poverty reduction. The failure to look into these matters, which are so closely related to the widely celebrated First MDG, reveals a stunning thoughtlessness in the face of a problem that destroys vastly more lives than problems we do pay at least a little attention to — the conflicts in the Middle East and the former Yugoslavia, for example, or the massacres in Rwanda or East Timor. Our perverse priorities are all the more remarkable because we may bear a far greater responsibility for world poverty than for those local eruptions of violence and also because we can actually do something, as individuals, toward reducing severe poverty while most of us can do very little toward protecting innocent people from violence in the world's trouble spots.

In a sense, such thoughtlessness in the affluent countries is not really surprising. Of course people don't like to think too hard about harms that they themselves may share responsibility for and can do something about. Many Germans in my parents' generation avoided moral reflection under the Nazis. But were they innocent merely because they did not think? Or wasn't their very lack of thought a great moral failing? I think the latter judgment is correct. Germans who could truthfully say that they never thought about the fate of those whom state agents were taking from their neighborhoods and about the foreigners crushed by the Nazi war machine, those Germans were not therefore innocent. Rather, they were guilty of violating the most fundamental moral duty: the duty to work out for oneself what one's moral duties are in the circumstances in which one finds oneself. In this respect, we are in the same boat with those Germans: They could not possibly have found it obvious that Nazi conquests and mass

arrests required no further thought from them. And we cannot possibly find it obvious that we need give no further thought to world poverty. This is perhaps an unusual claim: Even if it were true that we are not required to do anything at all toward reducing world poverty, it would still not be morally alright for us thoughtlessly to do nothing. In view of their plight, we owe the global poor at least a reflective answer to the question what responsibilities we have with regard to the social conditions that blight their lives.