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Poverty Eradication: Human Dignity Demands It!

Statement by Martin Lees

“Strategies and Structures to tackle the underlying systemic Causes of Poverty”

Mme. Chair, your Excellencies, Ladies and Gentlemen,

It is a great honor to address this Civil Society Forum focused on the high moral and practical purpose to eradicate poverty throughout the world so that our fellow men and women can live lives of dignity, well-being and hope. I would like to thank the Friedrich Ebert Stiftung, particularly Dr. Werner Puschra, for this opportunity. At the start, let me underline that in this short talk I am condemned to generalize: I cannot of course reflect the great diversity of situations, needs and aspirations in a complex and pluralist world.

My talk will adopt the perspective opened up by Albert Einstein when he said: *“No problem can be solved from the same level of consciousness that created it.”* To eradicate poverty from the world will require not only new ideas, new strategies and new institutional frameworks, but most fundamentally, it will require a moral awakening to the scandal of the coexistence of extreme levels of wealth together with desperate, grinding poverty both within nations and across the world.

The strategies which have driven the rise of the industrialized countries, heavily influenced by corporate and financial interests, are not well suited to the needs, aspirations and conditions of the less developed countries. As Prime Minister Zapatero of Spain declared: *“While the financial crisis is a parenthesis for wealthy nations, in countries suffering from hunger and extreme poverty, crisis is a way of life.”*

Let me start with two obvious questions to illuminate this intolerable state of affairs: first, how do we explain that, in a world economy on the scale of \$60 trillion per year, over 1 billion people are living today in poverty and deprivation? Second, do we really expect the world to remain stable and peaceful as the population rises to 9 billion people by 2050, especially when 90% of this increase will occur in the poorer countries of the world where resources are desperately limited and societies and the environment are already under intense stress.

I will now suggest answers to my two questions. First, the co-existence of extreme and increasing wealth with entrenched poverty demonstrates that economic growth – as presently conceived – is failing to include the poor in the benefits of progress. It follows that our

established models of growth, development and globalization must be radically reconceived if we are to eradicate poverty. As John Maynard Keynes famously observed: *“Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist.”*

Global economic strategy remains in fact committed to the notion that recovery to a path of consumer-driven, economic growth will generate employment and reduce poverty. This is by no means clear. We can also see that our “business as usual” path of growth is building up massive imbalances and vulnerabilities which constitute serious threats to the future.

Our present model of growth is failing in four essential respects:

- First, it is clearly failing to eradicate poverty and to offer decent lives to hundreds of millions of people. It is in fact increasing inequality within and between nations.
- Second, it is grossly inefficient as it fails to provide the opportunities and conditions for hundreds of millions of people to improve their lives through productive work.
- Third, it is destroying the ecological foundations of our civilization and destabilizing the climate. It is already clear that the most destructive impacts of climate change are on the poor and vulnerable, on those who have the least capacity to protect themselves and to adapt their lives to the new conditions. Thus, blind adherence to the present path of economic growth, by degrading the environmental conditions on which food security, clean water, health and livelihoods depend, is not only failing to reduce poverty but will ultimately increase it.
- And fourth, our present strategies for economic growth largely ignore the interests even of our children and of course, the rights and opportunities of future generations.

This leads, ladies and gentlemen, to the answer to my second question: can we expect the world to remain stable and peaceful in the future under these conditions? My answer is that the present path of world development is generating immense risks, inequities, imbalances and dangers. We cannot expect to preserve peace, stability and progress in an unjust, unequal world. We must have the courage to face the new realities and change the trajectory of world development.

Facing new realities

The world community today faces an array of massive challenges – in the global economy and the financial system, in the areas of climate, environment, water, energy and resources, and of course in relation to demographic change, rising inequality, poverty and exclusion. Although we insist on treating these problems intellectually and institutionally as if they were separate, they are essentially linked. They are systemic and they are in a process of rapid change.

This is to say, in other words, that the world of the 21st Century is complex and interdependent and in a state of profound and rapid transformation. In this perspective it is clear, as implied by the title of my talk, that the strategies and structures on which we relied in the 20th Century will not be adequate to tackle the underlying systemic causes of poverty in the future.

We are in fact living in a Fool's Paradise: we must face in practice the reality of the problems confronting us today and those which lie only a few decades ahead. Let me give some quick examples of these new realities which will determine whether we can eradicate poverty in the future.

- First and most obviously, an additional 2.2 billion people are expected to arrive on this planet by 2050. How will they find the employment and the essential conditions which will enable nine billion people to avoid poverty and hunger and to live lives of dignity and fulfillment?
- Second, we are approaching a number of tipping points beyond which we risk triggering runaway, catastrophic climate change – with devastating consequences for the poorest and most vulnerable who have not caused these problems. We are seeing today the physical evidence across the world of accelerating climate change and its immediate and emerging impacts on development, on food and water security, on livelihoods and on the carrying capacity of productive land.

Scientists now understand the systems dynamics of climate change. They can interpret the historic record. And they are documenting the changes now taking place in the natural systems of the planet. They are increasingly concerned that, in the absence of strong and urgent action, the foundations of our civilization will be compromised. All of humanity will be affected but It is the poor who will bear the brunt of ecological degradation, the extinction of species, widening desertification, sea level rise, the acidification of the oceans, changing weather patterns and extreme weather events.

- Third, energy is vital to development. We are approaching peak oil, but world energy output must double by 2050 if we are to meet the needs and aspirations of 9 billion people, including a growing world middle class. But we also know that, by 2050, emissions must be cut by 50 to 80% to preserve a stable climate. Prices for energy will rise and it will be the poor whose prospects of escaping poverty will be hardest hit.
- Another key aspect is that the vital ecological life-support systems of the planet – terrestrial, ocean and atmospheric – are fast degrading. What then will be the prospects for food security, safe water and health for several billion poor people? And it is these same ecosystems which absorb 50% of human climate emissions. As these systems degrade, concentrations of greenhouse gases in the atmosphere will increase and climate change will accelerate, further damaging the prospects of the poor.

Thus in summary, how far we can succeed in eradicating world poverty will depend in practice on our commitment and effectiveness in managing a number of underlying factors: preserving a stable climate, halting the destruction of ecosystems, ensuring adequate energy supplies to sustain development, and, through the reduction of poverty, improvement in human security

and the education of girls and women, containing as far as possible the growth of world population.

Economic growth, development and globalization have undoubtedly improved the lives of hundreds of millions of people in recent decades. But this has been achieved at alarming and unsustainable environmental cost and several billion people remain excluded in relative or total poverty.

We are losing the creativity and productive potential of all the millions who are unemployed or underemployed in both developing and developed countries. In effect, our current path of world development is unstable, inequitable, profoundly inefficient and unsustainable, creating grave threats to the future.

Perhaps my most important message is that we live in a non-linear world. We assume that change will be gradual, that trends will steadily continue and that we have time for interminable negotiations before we decide on action. But nature will not wait and is indifferent to the fate of humanity. We must expect sudden and dramatic change in the life-support systems of the planet, unless that is, we act rapidly and effectively now. We are beginning to perceive this today. There is a moral and practical imperative to act without delay.

On the positive side, we do however have immense human capabilities available to manage and resolve these problems: creativity, knowledge and skills, effective systems of management and organization and vast human, technological and financial resources. Why is it then, that we cannot do better to eradicate poverty, and to anticipate and resolve the threats to the future of our civilization?

Why we are failing to eradicate poverty

Let me suggest why we are failing.

1) First, it is because of the dominance of narrow economic thinking and economic interests. Our present economic strategies remain implicitly based on the belief that poverty will be eradicated by economic growth. This was known earlier as the “trickle-down” effect. Recent studies show that economic growth – as measured by increases in GDP per capita – is a highly inefficient way of reducing poverty. Policies directly focused on redistribution, employment and poverty reduction are cheaper and more effective.

Now that the dominance of market fundamentalism is weakened, we must develop new models of economic growth in which the improvement of human welfare through growth, the eradication of poverty and the conservation of the natural world are given equal priority. We are seeing every day the consequences of the present strategy in which financial performance and the stimulation of demand are given first priority while the eradication of poverty, employment and the preservation of nature are of second order.

2) A further consequence of the dominance of economics and of narrow, short-term interests in world affairs is that we are failing to recognize environmental realities. The values of natural capital and of the ecosystems services on which humanity depends, especially the poor, are considered to be “externalities”, not generally included in the calculus of economic growth.

The impacts of environmental change on the poor in coming decades will be of critical importance. We will experience major changes in rainfall patterns, widening desertification, the continuing retreat of glaciers and rising intensity of extreme weather events which can negate years of development efforts as we have seen for example, in Pakistan, Australia and Russia.

We must prepare for a rise in environmentally-driven migration and a dramatic increase in humanitarian needs as a result of climate change, degradation of the environment and more frequent and intense natural disasters across the world.

3) A third factor of profound importance to our ability to eradicate poverty is the impact of globalization across the world. Globalisation has made it possible for hundreds of millions to improve their lives, but several billion remain excluded in poverty and inequality is increasing. Individual nations, especially the less developed, have little capacity to preserve their development activities under the pressure of global trends and events. As Dr. Horst Koehler, former President of Germany told the Club of Rome in 2007 “if globalization continues on the present path it will tear the world economy apart.”

The way ahead

These are some of the major problems we face in our efforts to eradicate poverty. What then would be the main elements of a more successful strategy to tackle the underlying systemic causes of poverty? The most crucial element is of course, effective policies at the national level, supported by the efforts of civil society and the business community. But the instabilities and pressures of the global systems of finance, trade and investment, the dominance in world markets and technology of powerful special interests and the web of subsidies and protectionism in the world trading system together define the realities of our interdependent world. National efforts alone cannot succeed in eradicating poverty. They must be enhanced and strengthened by appropriate policies at the international level.

I suggest that the following six key elements will be essential to reduce and eradicate poverty in coming years.

1) Individual countries must choose a new path for economic growth and development which should explicitly focus on social justice, on reducing poverty and inequality and on providing employment. Growth remains necessary to generate investment and innovation and to meet the needs of growing populations but, in most cases, it will not be helpful to follow the Western path of consumption-driven growth as measured by GDP per capita. Strategies must focus on

the development of human capital, and on concerted policies for food and nutrition, health and education with a strong, explicit focus on employment and poverty reduction.

The eradication of poverty must become an over-riding goal of policy, not a by-product of policies aimed at maximizing economic growth.

2) Abiding poverty is a consequence of the interplay of many factors and therefore a series of disconnected, sectoral measures will not create the conditions for the eradication of poverty. A coherent and coordinated strategy will be essential to eradicate the underlying causes of poverty. Within the framework provided by such a strategy, sectoral policies for health and nutrition, education and employment, social cohesion and the prevention of violence for example, can become mutually reinforcing to create the foundations of a progressive and inclusive society.

3) To eradicate poverty, it will be essential to anticipate and mitigate the impacts of climate change and also the pressures of growing populations on fragile environments. Policies for national development must therefore be integrated with policies to anticipate and adapt to accelerating climate change within one coherent overall strategy, supported by a unified institutional structure for planning, decision-making and implementation.

4) Besides creating an effective framework of public policy, governments should also provide incentives and stimulus to support grassroots initiatives and innovation and to stimulate the efforts of civil society and the business community to create employment, to promote social cohesion and to improve the underlying conditions which will enable the society to reduce poverty.

5) A special and strong emphasis should be placed on the role of women who are of central importance in the practical economy, who contribute to cultural and social cohesion and who are often key to the prevention of violence.

6) Finally, we should return to the fundamental goal of capacity-building which was the focus of international policies in the 70s and 80s. The eradication of poverty will depend on the capacity of each country to manage a range of connected issues and to establish a sound framework of governance, law and human rights. It follows that training and education to create a new generation of competent and knowledgeable officials, educators and innovators and to build a strong and progressive civil society must become a focus of national and international development policies.

If a sound framework of governance and policy can be maintained, then sustained programmes of education, health and nutrition for example can create a dynamic society capable of overcoming the problem of poverty.

At the international level, as I have emphasized, new strategies are urgently needed to support national efforts. The eradication of poverty must be given high priority as an integral part of mainstream economic policy. And, as at the national level, a coherent framework for strategy and action should be developed in which efforts in the different fields of international

cooperation can be effectively concerted. The United Nations is well placed to take the lead in developing such a coherent approach to the eradication of poverty as a follow up to the first phase of the Millennium Development Goals.

Conclusion

In conclusion, poverty is the consequence of a complex web of underlying, economic, social, cultural and structural causes. A coherent strategy to address these underlying causes of poverty is needed, not disconnected policies to treat the symptoms. Within such a framework, targeted, sectoral interventions can then become mutually reinforcing.

Poverty reduction must become an explicit, priority focus of policy, including targeted policies for redistribution and for the generation of employment. This is both a moral imperative and a practical necessity if we are to preserve a world of progress and peace.

If we recognize this moral and practical imperative to eradicate the poverty of hundreds of millions of people, then it follows that substantial additional resources of all kinds must be generated and focused on this critical issue. We have seen how trillions of dollars were found to preserve the international banking system and we can see that over \$1.5 trillion are expended annually on armaments. In comparison, official development assistance has reached around \$120 billion and the world community is struggling to find ways of providing \$100 billion per year to meet the challenges of climate change.

At this turning point in human affairs, we must seize the opportunity to focus international attention on the overriding and attainable goal to eradicate poverty so that we no longer waste the creativity and potential contributions of hundreds of millions of people and create the conditions under which they can live healthy, safe, productive and fulfilling lives. It surely is not our purpose that men and women should be servants of the economy: it is the economy which should be at the service of humanity.