

Peace & Progress

a Party for Human Rights

A World without Poverty

"Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control" (Article 5.1 Universal Declaration of Human Rights 1948)

The Human Cost of Conflict

Wars and conflict are major causes of poverty and human misery. They kill and injure millions and leave millions more homeless. War destroys economies and communities, making the poorest people even poorer. Conflict is most likely to happen in poor countries, often because people are desperate for land, human rights, water or food. Of the 150 or more major conflicts since World War II, 130 of these have occurred in poor countries. Hundreds of billions of dollars are spent by governments every year on arms and armed forces. A modest reduction in military spending globally could be used to significantly reduce global poverty. The pay off would be enormous. Poverty and social injustice are the underlying causes of conflict and terrorism and relieving poverty is an effective way of preventing all forms of war and terror, state or otherwise.

The UK exploits situations of conflict around the world. Britain has sold arms to 10 of the 14 countries in Africa where there is conflict. Official figures show that the number of arms export licences granted for countries the government accuses of human rights abuses increased significantly over the past year. Israel, Saudi Arabia and Indonesia are among 11 out of 20 countries described by the Foreign Office in its 2005 annual human rights report as *"major countries of concern"*, to which the government licensed military equipment. The sales cleared for Israel are the highest since 1999. Last year the British government licensed military equipment sales to 14 of the 17 countries involved in major armed conflict; it also licensed weapons equipment to 10 countries at the bottom third of the UN human development index. The UN Human Development Report, (UNHDR) 2005, points out that *"For many countries, the conflict trap is part of the poverty trap"* (p156 UNHDR). The British government's willingness to perpetuate this trap flies in the face of its stated commitment to the Millennium Development Goals.

The Millennium Development Goals

The Millennium Declaration was a pledge made by the world's governments meeting at the United Nations, *"to free our fellow men, women and children from the abject and dehumanising conditions of extreme poverty"*. The targets include halving extreme poverty, cutting child deaths, providing all of the world's children with an education, rolling back infectious disease and forging a new global partnership to deliver results. The deadline for delivery is 2015.

The UNHDR shows how military spending has undermined the giving of international aid and that reforming the international aid system is a fundamental requirement if the Millennium Development Goals are to have any chance of success.

“Since 1999 increased prosperity in rich countries has done little to enhance generosity: per capita income has increased by \$6,070, while per capita aid has fallen by \$1. Such figures suggest that the winners from globalisation have not prioritised help for the losers, even though they would gain from doing so. The chronic under-funding of aid reflects skewed priorities in public spending. Collective security depends increasingly on tackling the underlying causes of poverty and inequality. Yet for every \$1 that rich countries spend on aid they allocate another \$10 to military budgets. Just the increase in military spending since 2000, if devoted to aid instead, would be sufficient to reach the long-standing UN target of spending 0.7% of GNI on aid. Failure to look beyond military security to human security is reflected in under investments in addressing some of the greatest threats to human life. Current spending on HIV/AIDS, a disease that claims 3 million lives a year, represents 3 day's worth of military spending.” (p8 UNHDR)

The Global Fund to Fight Aids, TB and Malaria, which was initiated in 2001 by UN Secretary-General, Kofi Annan, funds more than 350 programmes in 131 countries. There is a funding gap of \$900 million for this year, which will rise to \$2.1 billion by the end of 2007.

Lack of clean water and sanitation is the biggest killer of children in poor countries. Despite the fact that meeting the Millennium Development Goal target for water would bring economic returns of approximately \$12 billion a year, this sector is often marginalised.

“Some 400 million school days stand to be gained by providing water close to homes. Part of the explanation for missing the 2005 MDG on achieving parity between boys' and girls' enrolment into primary schools is because girls are usually lumbered with the job of fetching water. WaterAid has come across girls in Ghana spending more than six hours a day on this back-breaking work... If things are going to change, the aid system and national governments need to listen and respond to the priorities of the poor, the marginalised and vulnerable - and to women.

There is an accountability deficit in the aid system. WaterAid's lesson from its micro-project work is that aid works best when it is "owned" by the intended beneficiaries and when they influence the design and implementation process. What doesn't work is donors imposing their priorities.” (The Observer 02.07.06 - G8, One Year On)

Aid agencies are angry that governments are counting the money they have spent on providing debt relief (part of 2005 G8 Gleneagles agreements), as part of their aid budget. A report by Oxfam showed that Britain's 2005 campaign for Africa coincided with a 2% cut in the aid budget after one-off debt relief to Iraq and Nigeria was taken into account.

Debt cancellation itself needs to be extended. It currently applies to 19 countries that have completed the Heavily Indebted Poor Country (HIPC) Process. These are not the poorest countries and have achieved qualifying status by agreeing to privatisations and trade 'liberalisations' (These conditions, like those imposed in the 1980s by the IMF and World Bank through loans to the poorest countries, are the source of increased poverty). At least 67 countries need debt cancellation if they are to achieve the Millennium Development Goals.

Trade and Human Development

The targets for the Millennium Development Goals are also hindered by unfair trade rules. It is generally accepted that a simple principle of graduation is the fairest form of taxation: the more you earn, the more you pay. Rich country trade policies flip this

principle on its head. The world's highest trade barriers are erected against some of its poorest countries: on average the trade barriers faced by developing countries exporting to rich countries are three to four times higher than those faced by rich countries when they trade with each other. *“Developing countries account for less than one third of developed countries' imports but for two-thirds of tariff revenues collected” (Access to Markets, p127 UNHDR)*

Whilst developing countries remain more dependent on industrial countries as export markets than visa versa, in a globalised world, all countries' fortunes are becoming inextricably linked. Manufacturing exports, led by high technology products such as electronics and computer equipment dominate world trade. Trade in commercial services has also been increasing and now represents one-quarter of world trade. Meanwhile, the share of agriculture and primary commodities in the value of world trade has been in steady decline, falling from 15% to 10% since 1980. Developing countries have been expanding their world markets, including a rapid growth of trade between each other. Indeed, export growth in developing countries has outstripped growth in industrial countries across all technology sectors- particularly high technology.

“Only in agriculture, an area in which developing countries have an obvious comparative advantage, have industrial countries avoided losing market share - a testimony to the power of protectionism and agricultural subsidies” (p115 UNHDR)

Success in world trade depends increasingly on entry into higher value-added markets for manufactured goods. It is value added through manufacturing production that has the biggest bearing on the distribution of global income and the benefits of trade. And industrial countries still account for more than 70% of manufacturing value added worldwide. Market access needs to be improved for poor countries

Tariff Escalation

International trade rules and domestic policies need to be brought in line with development pledges. The Doha Round of multilateral trade negotiations, begun in November 2001, included a promise by rich countries *“to reduce or as appropriate eliminate tariffs as well as non-tariff barriers on products of export interest to developing countries”*. The UNHDR remarks: *“For a group of self-declared free traders, rich country governments have found it difficult to turn words into actions.” (p126 UNDR)*

Developed countries protect their markets by applying low tariffs to raw commodities but rapidly rising rates to intermediate or final products.

“In Japan tariffs on processed food products are 7 times higher than on first-stage products; in Canada they are 12 times higher. In the European Union tariffs rise from 0 to 9% on cocoa paste and up to 30% on the final product. This tariff structure prevents developing countries from adding value to their exports. Tariff escalation is designed to transfer value from producers in poor countries to agricultural processors and retailers in rich ones - and it works. It helps explain why 90% of the world's cocoa beans are grown in developing countries, while only 44% of cocoa liquor and 20% of cocoa powder exports originate in those countries. Escalating tariffs help to confine countries like the Ivory Coast and Ghana to the export of unprocessed cocoa beans, locking them into a volatile, low value-added raw cocoa market. Meanwhile, Germany is the world's largest exporter of processed cocoa, and European companies capture the bulk of the final value of Africa's cocoa product.” (UNHDR p127)

Rules of Origin

These rules make nonsense of preferential trade schemes, which, in theory, allow for some protection from import duties. The rules of origin specify how much value must be added to any inputs used to produce exports that are entitled to preferences. An example that the UNHCR gives is of a Ugandan vegetable exporter that uses imported packaging from Kenya. The value of the packaging renders the exporter ineligible for duty-free access to the EU. As a consequence of these rules, only a small proportion of eligible goods are imported to the EU on a duty-free basis.

Trade 'Liberalisation'

This is used in a one-sided way that is detrimental to the needs of developing countries. The removal of quotas through a WTO trade liberalisation agreement has exposed some poor countries like Bangladesh, Nepal and Sri Lanka to competition by more competitive suppliers, such as India and China. Developed countries have tightened their protection of new technologies through the WTO's trade-related intellectual property (Trips) agreement. This makes it more difficult for developing countries to obtain advanced technologies. Trips have also given rise to controversy such as when pharmaceutical corporations tried to use them to stop South Africa from providing low-cost, generic treatment against HIV and AIDs in order to protect their patents and thereby company profits. Other obstacles to the industrial development of developing countries are contained in the Doha round of trade negotiations. Under the banner of trade liberalisation, developing countries are being asked to reduce tariffs on industrial and service imports, in exchange (if it can be agreed) for greater market access in developed countries for agricultural exports. These rules can only hold back developing countries, and increase poverty.

Agricultural Trade

More than two-thirds of all people surviving on less than \$1 a day live and work in rural areas, either as smallholder farmers or as agricultural labourers. The UNHCR views rich countries' subsidies as the sticking point for trade agreement in this area. Having promised to cut agricultural support, the world's richest countries have increased the overall level of producer subsidies. The US has passed legislation that increases agricultural support by about \$7billion a year and the Common Agricultural Policy budget is set to increase over the next decade. Despite reforms, producer support will still amount to more than one-third of the value of production.

Subsidised EU sugar exports lower world prices by about one-third. The result is gigantic foreign exchange losses in South Africa, Brazil and Thailand. Mozambique is kept out of UK markets by an import quota allowing the country to supply an amount equivalent to less than four hours worth of EU consumption.

US cotton subsidies lower world prices by 9-13% and enable US producers to dominate world markets, accounting for about one-third of total world exports. Losses attributable to US subsidies were estimated at 1-3% of Gross National Product for Burkino Faso and Mali. In Benin the fall in cotton prices in 2001-2002 was linked to an increase in poverty from 37% to 59%.

At the end of the 1980s, coffee exporters received about \$12 billion for their exports. In 2003 they exported more coffee, but received less than half the income - \$5.5 billion. Central Uganda, Ethiopia and Tanzania are all deeply affected.

The role of Supermarkets in Poverty

“Supermarkets are now the main gatekeepers to developed country markets for agricultural produce...The top 30 supermarket chains and food companies account for about one-third of global grocery sales; Wal-Mart, now the world's largest company, accounts for more than one-third of US food industry sales. In the UK, the top 5 supermarkets account for 70% or more of grocery sales- double the share at the end of the 1980s.” (p142 UNDR)

In 1997 three-quarters of high value-added horticultural exports were supplied by small farmers. By the year 2000 this had fallen to 18%. Because of the need to comply with US and European supermarket standards, farms owned or leased by major export companies have become increasingly important.

Supermarkets like Tesco, Sainsbury and Asda (Walmart), among others, uphold and encourage the inequities of the global trading rules. The destructive impact of the giant supermarkets extends beyond emerging markets in developing countries to all small producers in Europe, who are being driven into poverty alongside the small producers in poor countries. Millions of primary commodity producers everywhere face a depression more severe than that of the 1930s (UNDR 2005).

Trade Related Assistance

If the supermarkets are the gatekeepers of the markets, the G8 governments are the guardians of those that profit from the whole system of world trade. What relief is forthcoming for developing countries from the G8 and the rest of the developed world? Current funding for Trade Related Assistance is less than \$6 million. The UK-sponsored Commission for Africa proposes a \$10-\$15 billion fund, to overcome African countries' infrastructure problems, including the devastation caused by war. In 2002, Ghana presented its Poverty Reduction Strategy, for assistance to meet the Millennium Development Goals, which was \$8 billion, over 5 years. This was slashed by European donors to \$2 billion (*An End to Poverty, Jeffrey Sachs*). Countries are being told to be realistic and tailor their needs to what European donors tell them they can expect. Instead, countries should be able to state what they need and the IMF and the World Bank should raise it. Nothing to alleviate poverty and famine in Africa or any other continent can be achieved unless the trade policies of the UK, the EU and the USA are fundamentally, not merely structurally and linguistically, changed.

The end of convergence and the displacement of people

For most of the last 40 years, albeit from a low base, developing countries have been catching up with rich countries in such areas as life expectancy, child mortality and literacy. *“A worrying aspect of human development today is that the overall rate of convergence is slowing - and for a large group of countries divergence is becoming the order of the day” (p25 UNHDR)*

Protectionist measures have ensured that poor countries are unable to trade fairly; aid packages have tied the economies of developing countries to the profits of private multi-nationals. The gap between rich and poor becomes greater both between countries and within countries. The difference between the average wage in developed and developing countries as a whole is 10:1. The result is increasing economic and political instability and conflict, which gives rise to the displacement of people on a huge scale. Most of those displaced remain within the same region, with poor countries sharing the burden, adding to their own vulnerability.

Some of those displaced find their way to the richer countries, particularly in the West, unable to remain in their own countries or drawn by the promise of greater opportunities, by a reputation for human rights and democracy or to reconnect with family or community in the struggle to start again and survive. For some developing countries, their biggest export is their people and richer countries attract and sometimes positively encourage the most skilled to migrate, leaving behind vital services, such as hospitals, without the specialised staff required to function properly.

The immigration laws of the richer countries are built around the principle that entry is only given to those who benefit the economy. While lip service is paid to international obligations, for example protection to refugees, foreign policy often dictates that protection is denied to those who come from 'friendly nations' or those in which the more powerful countries have intervened to 'establish democracy'. Sometimes the measures employed are very crude and brutal. The US government is introducing a Bill that will provide for a 2000-mile fence along the US-Mexican frontier. The 11 million undocumented workers caught on the wrong side will be declared illegal and deported.

If the rich countries want to stem the tide of migrant workers and refugees, the best contribution it could make would be by establishing fairer trade agreements, cancelling debt, stopping the sale of arms and by the cancellation of trade with oppressive regimes. But the reality is these regimes are usually supported by the richer countries ignoring human rights abuses in order to protect economic interests such as oil or gas. And for many European countries ageing populations mean that their economies need the boost which migrant workers bring.

Peace & Progress

Poverty is a fundamental human rights issue. Peace & Progress is a party for human rights. We remain committed to the aims of the Millennium Development Goals and support all those NGOs committed to conflict resolution, fair trade and economic and social justice. Without these the fundamental right to life and liberty will continue to be denied to millions of the world's poorest and vulnerable people, condemned to an existence characterised by fear and misery. Peace & Progress stands for a world without fear and poverty.

I would like to join **Peace & Progress: a Party for Human Rights**

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