Poverty is a worldwide problem - not only in the developing countries.

1) Explain Jeffery Sachs' philosophy of “clinical economics”, as well as the terms “economic plumbing” and “Big Five development interventions” in an editorial article which you write for the London Times. (Excerpts A, B)

2) Draft a speech in which you give a survey of the development of world poverty rates since 1990 and an outlook until 2015. To make your speech more vivid, you also prepare a ppt-presentation going with your speech. (Excerpt C)

3) How does Europe define the “Millenium Development Goals” and why did Gordon Brown, who became Prime Minister of the UK in July 2007, think it’s worth promoting aid for Africa? Help PM Brown draft a position paper which will be published on an EU website. (Excerpts D, E)

Excerpt A

The Jeff Sachs Contradiction: Celebrity Economist

By BILL SAPORITO - TIME; March 14, 2005

Jeffrey Sachs, 50, has been around the planet more times than a space station to promote the UN's Millennium Development Goals, to raise annual aid to 0.7% of GNP of the donor countries (starting with an extra $70 billion per year as of 2006), in order to halve poverty by 2015. He's a special adviser to Kofi Annan while pursuing a day job as head of Columbia University's Earth Institute, which reflects his philosophy as an economist: that sustainable development can be achieved only through an approach that considers everything from geography to infrastructure to family structure.

Sachs started working for the developing world in 1985 in Bolivia, where he helped fix the hyperinflation problem. He later developed a radical economic program for the Solidarity-led Polish government that helped the country create a market economy.

Sachs found that the standard policy toolbox used by the International Monetary Fund--structural adjustment--was limited and often harmful to poor countries. AIDS and malaria in Africa can be a greater obstacle to growth than debt. "Life doesn't come with one problem neatly separated from the rest. Specialization is helpful, but you've got to see the web," he says. Sachs labels this comprehensive approach "clinical economics."

The Jeff Sachs Contradiction, TIME; March 14, 2005
The End of Poverty

In a world of plenty, 1 billion people are so poor, that their lives are in danger. How to change that for good

By JEFFREY D. SACHS - TIME; March 14, 2005

We can banish extreme poverty in our generation—yet 8 million people die each year because they are too poor to survive. The tragedy is that with a little help, they could even thrive. It is still midmorning in Malawi when we arrive at a small village, Nthandire, about an hour outside of Lilongwe, the capital. We have come over dirt roads, passing women and children walking barefoot with water jugs, wood for fuel, and other bundles. In this maize-growing region of a poor, landlocked country in southern Africa, families cling to life on an unforgiving terrain. This year has been a lot more difficult than usual because the rains have failed. The crops are withering in the fields that we pass. If the village were filled with able-bodied men, who could have built rainwater-collecting units on rooftops and in the fields, the situation would not be so dire. But as we arrive in the village, we see no able-bodied young men at all. In fact, older women and dozens of children greet us, but there is not a young man or woman in sight. Where, we ask, are the workers? Out in the fields? The aid worker who has led us to the village shakes his head sadly and says no. Nearly all are dead. The village has been devastated by AIDS. The plight of Malawi has been rightly described by Carol Bellamy, head of UNICEF, as the perfect storm of human deprivation, one that brings together climatic disaster, impoverishment, the AIDS pandemic and the long-standing burdens of malaria, and other diseases. In the face of this horrific maelstrom, the world community has so far displayed precious little action. It is our task to help these poor people onto the ladder of development, from which they can then proceed to climb on their own.

This is a story about ending poverty in our time. I am not predicting what will happen, only explaining what can happen. Currently, more than 8 million people around the world die each year because they are too poor to stay alive. Every morning our newspapers could report, "More than 20,000 people perished yesterday of extreme poverty." How? The poor die in hospital wards that lack drugs, in villages that lack anti-malarial bed nets, in houses that lack safe drinking water. They die namelessly, without public comment. Sadly, such stories rarely get written.

Since Sept. 11, 2001, the US has launched a war on terrorism, but it has neglected the deeper causes of global instability. The nearly $500 billion that the US will spend in 2005 on the military will never buy lasting peace if the US continues to spend only one-thirtieth of that, around $16 billion, to address the plight of the poorest of the poor, whose societies are destabilized by extreme poverty. The share devoted to helping the poor has declined for decades. Yet our generation, in the US and abroad, can choose to end extreme poverty by the year 2025. To do it, we need to adopt a new method, which I call "clinical economics", to underscore the similarities between good development economics and good clinical medicine. In the past quarter-century, the development economics imposed by rich countries on the poorest countries has been too much like medicine in the 18th century, when doctors used leeches to draw blood from their patients, often killing them in the process. Development economics needs an overhaul in order to be much more like modern medicine, a profession of rigor, insight and practicality. The sources of poverty are multi-dimensional. So are the solutions. In my view, clean water, productive soils and a functioning health-care system are just as relevant to development as foreign exchange rates. The task of ending extreme poverty is a collective one. The end of poverty will require a global network of cooperation.

One part of the puzzle is relatively easy. Most people in the world would accept the fact that schools, clinics, roads, electricity, ports, soil nutrients, clean water and sanitation are the basic necessities not only for a life of dignity and health but also to make an economy work. They would also accept the fact that the poor need help to meet their basic needs. But they might be skeptical that the world could pull off any effective way to give that help. If the poor are poor because they are lazy or their governments are corrupt, how could global cooperation help?

Fortunately, these common beliefs are misconceptions—only a small part of the explanation of why the poor are poor. In all corners of the world, the poor face structural challenges that keep them from getting even their first foot on the ladder of development. Most societies with the right ingredients—good harbours, close contacts with the rich world, favourable climates, adequate energy sources and freedom from epidemic disease—have escaped extreme poverty. The world's remaining challenge is to take on the solvable problems of geographic isolation, disease and natural hazards, and to do so with new arrangements of political responsibility that can get the job done. We need plans, systems, mutual accountability and financing mechanisms. But even before we have all of that apparatus in place—what I call the economic plumbing—we must first understand more concretely what such a strategy means to the people who can be helped.
Nearly half of the 6 billion people in the world are poor. As a matter of definition, there are three degrees of poverty: extreme (or absolute) poverty, moderate poverty and relative poverty.

- **Extreme poverty**, defined by the World Bank as getting by on an income of less than $1 a day, means that households cannot meet basic needs for survival. They are chronically hungry, unable to get health care, lack safe drinking water and sanitation, cannot afford education for their children and perhaps lack rudimentary shelter—a roof to keep rain out of the hut—and basic articles of clothing, like shoes. We can describe extreme poverty as "the poverty that kills." It now exists only in developing countries.

- **Moderate poverty**, defined as living on $1 to $2 a day, refers to conditions in which basic needs are met, but just barely.

- **Being in relative poverty**, defined by a household income level below a given proportion of the national average, means lacking things that the middle class now takes for granted.

The End of Poverty, from: TIME; March 14, 2005

Impoverished villages all over the world, can be set on a path of development at a cost that is tiny for the world but too high for the villages themselves. African safari guides speak of the Big Five animals to watch on the savannah. The world should speak of the **Big Five development interventions** that would spell the difference between life and death for the savannah's people. These Big Five are:

**BOOSTING AGRICULTURE**
With fertilizers, cover crops, irrigation and improved seeds, farmers could triple their food yields and quickly end chronic hunger.

**IMPROVING BASIC HEALTH**
A village clinic with one doctor and nurse for 5,000 residents would provide free anti-malarial bed nets, effective anti-malarial medicines and treatments for HIV / AIDS opportunistic infections.

**INVESTING IN EDUCATION**
Meals for all the children at the primary school could improve the health of the kids, the quality of education and the attendance at school. Expanded vocational training for the students could teach them the skills of modern farming, computer literacy, basic infrastructure maintenance and carpentry.

**BRINGING POWER**
Electricity could be made available to the villages either via a power line or an off-grid diesel generator. The electricity would power lights and perhaps a computer for the school; pumps for safe well water; power for milling grain, refrigeration and other needs.
PROVIDING CLEAN WATER AND SANITATION

With enough water points and latrines for the safety of the entire village, women and children would save countless hours of toil each day fetching water. The water could be provided through a combination of protected springs, rainwater harvesting and other basic technologies.

The irony is that the **cost** of these services for 5,000 residents would be very low: even including the cost of treatment for AIDS, they would total only $70 per person per year. The benefits would be astounding. Sooner rather than later, these investments would repay themselves not only in lives saved, children educated and communities preserved, but also in direct commercial returns to the villages and the chance for self-sustaining economic growth.


**Excerpt C**

*Poverty across the globe*
**Promises to Keep**

With some nudging from activists, European politicians try to make good on pledges to Africa

By J.F.O. McALLISTER – TIME, March 14, 2005

DISEASE AND POVERTY: An AIDS patient with his chickens in a village in Zimbabwe. One in four of the country’s adult population is HIV positive.

In March 2005 an international Commission for Africa published a giant report laying out a blueprint for the continent. Slowly, one bureaucratic and PR battle at a time, the 2005 Millennium Development Goals, a type of Marshall Plan for Africa, is taking shape. Here’s what it comprises:

**MORE AID**
European countries should donate $50 billion extra a year as soon as possible. The extra money would come from private lenders, who would buy bonds secured by the pledges of donor governments to repay them over many years.

**DEBT RELIEF**
Despite earlier efforts to cut Africa’s debts, the continent still owes $293 billion and pays $15 billion a year in interest and fees — meaning some poor African countries spend more on debt service than on health or education. Only seven countries have seen their debts come down to levels considered sustainable.

**MORE TRADE**
One obvious but politically difficult route for rich countries is to cut subsidies, especially in agriculture, that keep out African goods. If Africa could grab a 3% share of world trade instead of the current 2% that would represent some $70 billion in annual income, three times what they now receive in aid, and a permanent step up the growth ladder.

**NEW TAXES**
To create a separate, reliable stream of money to fund the needs of developing countries, French President Jacques Chirac proposed taxing either international financial transactions, airline tickets or deposits in tax havens. But the idea of international taxes is unpopular in the US and Britain.

Promises to Keep, TIME, March 14, 2005

Excerpt E

**No Child Should Die if it’s Avoidable**

Gordon Brown, Britain’s Chancellor of the Exchequer talked to J.F.O. McAllister and Catherine Mayer

TIME, March 14, 2005-03-25

WHAT STRUCK YOU WHEN YOU VISITED AFRICA IN JANUARY? The poverty, which was awful, and also the potential.
WHY SHOULD WE CARE ABOUT AFRICA? We should care about it for political, social, economic and moral reasons. If we could see Africa grow economically and its trade expand, the benefits would flow to the developed countries, too. The security reason is that more terrorists are now making their home in Africa. And there’s a moral reason, which is that no child should die if it’s avoidable. The tragedy of Ethiopia e.g. is that there are 70 million people there with only 2,000 doctors. Even after 20 years of activity, we’ve got such a long way to go. But I think we do understand better what makes development successful. We have learned that transparency is the best weapon against corruption, which has been one of the great problems of Africa but also one of the great excuses to do nothing. We have the science, the technology and the medicine we need now.

CAN AFRICA MAKE GOOD USE OF LOTS MORE MONEY? There is an issue about Africa’s capacity to absorb huge sums of money, but not small sums. Even if we were to double aid, in my view there is the capacity to absorb it. Anybody, who’s in any doubt about the capacity to absorb funds, needs to look at vaccination. Under the Global Alliance for Vaccines, 50 million people have been vaccinated, but the program doesn't have enough money for the next stage. If we front-load and raise the extra $4 billion now, 10 million lives would be saved over the next 20 years.

No Child Should Die if it's Avoidable, from: TIME; March 14, 2005

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