

## **Beware The Poverty Trap**

Professor Stephen Leeder

Articles from 'Australian Doctor' 24 June 2005

### **Dissecting the arguments for and against giving aid to the poor.**

Poverty remains the greatest remedial cause of ill health worldwide. Now there is an international push to end African poverty. Pop stars such as Bono, politicians from the G8 countries, including UK Prime Minister Mr Tony Blair and other high-profile advocates are crusading and calling for the forgiveness of billions of dollars in debt.

But not everyone thinks this is a good idea.

American development economist Jeffrey Sachs, in his book *The End of Poverty*, parodies concerns raised by opponents of African aid in the following paragraph: "Africa needs around \$US30 billion [\$A40 billion] per year in aid in order to escape from poverty. But if we actually gave that aid, where would it go? Right down the drain, of the past is any guide. Sad to say, Africa's education levels are so low that even programs that work elsewhere would fail in Africa. Africa is corrupt and riddled with authoritarianism. It lacks modern values and the institutions of a free market economy needed to achieve success.

"In fact, Africa's morals are so broken down that it is no surprise AIDS has run out of control. And here is the bleakest truth: suppose our aid saved Africa's children. Then what? There would be a population explosion, and a lot more hungry adults. We would have solved nothing."

### **Too much aid?**

Although many people think a lot of aid goes to Africa, in 2002 \$US22 (\$A29) was given in aid from the entire world to each sub-Saharan African. About \$US3 (\$A4) a person came from the US. When the cost of US consultants, food and emergency aid, administrative costs and debt relief were taken into account, the US contribution amounted to 6c a person. No aid program has yet been of sufficient magnitude to conclude that aid will not work.

### **Bad governance?**

What of governance? How can you have good governance when poverty prevails? There is no evidence that you can. Sachs found, however, a "distinctly slower growth", about 3% a year, in African states compared with other impoverished countries with equivalent standards of governance, something that Sachs argues is due to geography and endemic disease.

Africa's countries have become increasingly democratic since 1990, so that by 2003, democracy campaign organisation Freedom House categorised 11 African states as free, 20 as partly free and 16 as not free - better than the average for non-African countries of similar economic status.

### **Lack of character?**

Judgements about whether another society lacks the values necessary to succeed in

modernity need to be made with great caution because they can so readily reflect racism.

And it's amazing what money can do. "The role of women in the labour market, household fertility choices, school attendance of children, and other critical areas of economic behaviour changes dramatically as societies shift from village to urban centres, farming to industry and illiteracy to literacy," Sachs writes.

### **Bad morals?**

While the AIDS pandemic that has ravaged Africa has led some to conclude that it must be a region of the most extreme sexual moral depravity, here again evidence suggests caution. "Men and women in Africa report no more, and sometimes fewer, numbers of lifetime partners that do heterosexuals in many Western countries," according to a *Lancet* paper.

Other possible explanations include the widespread reuse of needles and blood transfusion equipment up to and through the early years of the epidemic.

### **Too many children?**

In relation to the notion that improving the lot of Africa will lead to overpopulation, the evidence worldwide is that if infant mortality is controlled, family sizes fall. With economic development, improved infant survival and less use for children as contributors to manual labour, birth rates fall.

In fact, worldwide, fertility rates are falling and more rapidly than had been expected. In March 2002, the UN lowered its global population projection for the end of the century by a billion people.

Australian ethicist Peter Singer discusses the topic of foreign aid in his splendid book *One World*. He takes into account all the arguments that Sachs addresses as the why we should do nothing about Africa, and then points out that each of us can still save a life by giving most international aid agencies, such as UNICEF and Oxfam Australia (the international body has committed to the goal of Making Poverty History), less than \$300. This amount allows for the money lost to corruption, administration and inefficiency.

"We could propose," he writes, "as a public policy likely to produce good consequences, that anyone who has enough money to spend on the luxuries and frivolities so common in affluent societies, should give at least 1 cent in every dollar to their income to those who have trouble getting enough to eat, clean water to drink, shelter from the elements and basic health care. To give that amount requires no moral heroics. To fail to give it shows indifference to the indefinite continuation of poverty and avoidable, poverty-related deaths."