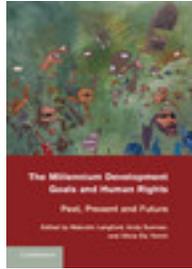


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Poverty, Hunger, and Cosmetic Progress

Thomas Pogge*

PROLOGUE

Having spent trillions of dollars on combatting the severe financial crisis of 2008–9, the affluent North Atlantic States and their citizens have found themselves constrained to generate similarly massive savings and new revenues to sustain their substantially enlarged public debts. In this context, the World Bank’s recent update from the global poverty front has been especially welcome. Released on 1 March 2012, this wonderful news has been extensively reported and celebrated by hundreds of news media around the world. Annie Lowrey’s report in the *New York Times* is representative:

Dire Poverty Falls Despite Global Slump, Report Finds

WASHINGTON – A World Bank report shows a broad reduction in extreme poverty – and indicates that the global recession, contrary to economists’ expectations, did not increase poverty in the developing world.

The report shows that for the first time the proportion of people living in extreme poverty – on less than \$1.25 a day – fell in every developing region from 2005 to 2008. And the biggest recession since the Great Depression seems not to have thrown that trend off course, preliminary data from 2010 indicate.

The progress is so drastic that the world has met the United Nations’ **Millennium Development Goals** to cut extreme poverty in half five years before its 2015 deadline.

“This is very good news,” said Jeffrey Sachs, director of the Earth Institute at Columbia University and the United Nations’ special adviser on the **Millennium Development Goals**. “There has been broad-based progress in fighting poverty, and accelerating progress. There’s a lot to be happy about.”¹

* Professor, Yale University. All figures in US dollars.

¹ *New York Times*, 7 March 2012, available at <http://www.nytimes.com/2012/03/07/world/extreme-poverty-down-despite-recession-world-bank-data-show.html>.

Having read dozens of reports in the mainstream media about the news from the World Bank, I have yet to find one expressing even a scintilla of doubt. Many news reports about new data or findings provided by physicists, climate researchers, astronomers, or biologists show some journalistic effort to find other experts who are unconvinced and perhaps prepared to offer alternative findings, data, or estimates. But the World Bank's data from the poverty front are treated as beyond all reasonable doubt – reported as straightforward unassailable facts on a par with the current temperature at Kennedy Airport.

1. INTRODUCTION: QUESTIONING THE CELEBRATION

What triggered all the celebration was a six-page briefing note – three pages of tables showing the 1981–2008 evolution of the number and proportion of poor people in various regions and countries, plus three pages of comments conveying, *inter alia*, the additional good news that extreme poverty has declined even further in the 2008–10 period as well: “Using the \$1.25 a day line, the developing world as a whole reached the MDG 1 in 2010” – referring to the target of halving the proportion of extremely poor people by 2015 (Chen and Ravallion, 2012a: 2). The message is that we have reached our principal goal five years early and so surely deserve to relax a bit after all our great work in the fight against severe poverty.

Before we do so, however, let us look a little more closely. According to the Bank's latest figures presented in the ‘Update’, more than one-third of all human beings – 2,471 million – live on less each day than what \$2 could buy in the United States in 2005.² Pause for a while and reflect on what it would be like to live on this sort of a budget, equivalent in 2012 to \$16.50 per week or \$71.70 per month or \$860 for the entire year. Think here about what you could buy in the way of food, shelter, clothing, medical care, water, and other utilities. Ask yourself whether you would consider such an existence to accord with what is affirmed in Article 25 of the Universal Declaration of Human Rights: “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.”³ And then realise that, if you and your household did indeed subsist on such a meager per capita

² All World Bank poverty lines are denominated in ‘international dollars’. These are US-dollars of a certain base year, which get converted at that year's purchasing power parities (PPPs) into local currency units of that same year. For example, while 90 Indian rupees were required to purchase 2 US-dollars in 2005 (market exchange rate), a mere 31.20 Indian rupees in India were deemed sufficient to match the purchasing power of 2 US-dollars in the United States. So the \$2/day (2005 value) poverty line is translated for India into an INR 31.20/day (2005 value) line, and from there further translated, by means of the Indian consumer price index (CPI), into Indian rupees of other years. By this method, currency amounts from any year and location are made mutually comparable by being translated first (via the local CPI) into local currency units of some base year and then (via this base year's PPPs) into US-dollars of that same base year.

³ Universal Declaration of Human Rights, G.A. res. 217A (III), U.N. Doc A/810 at 71 (1948).

budget of \$US2.00/day (2005 value), you would be living *fully 60 per cent above* the \$1.25/day (2005 value) poverty line that is now actually used, within MDG 1, for tracking the world's progress against poverty.

Can it be argued that using the higher \$2/day poverty line would be overly ambitious because, by classifying nearly 2.5 billion people as poor, it would make the goal of poverty eradication unrealistically demanding? This is not a plausible argument. At market exchange rates, those living below the \$2/day line have a collective annual shortfall of about \$300 billion from this line – about 0.8 per cent of global household income. A mere 1.2 per cent of the income of the richest tenth of humanity, which collectively receive two-thirds of global household income, would theoretically suffice to cover this shortfall.⁴ It would not be asking too much of the top tenth that they relinquish such a tiny fraction of their incomes for the sake of fulfilling the human rights of one-third of humankind.

Even if a great deal of very serious poverty remains, should we not be glad about its 'drastic' decline? Well, certainly not without further thought! A reduction in the number living in poverty might be due, for example, to many poor people having died. During the MDG reporting period, the ranks of the poor have been continuously thinned by some 50,000 deaths each day from poverty-related causes, such as communicable diseases exacerbated by undernourishment. These 18 million annual poverty deaths constitute about one-third of all human deaths (WHO, 2008: Table A1, 54–59).⁵ Given the World Bank's method of tracking the evolution of world poverty by counting the number of poor, such deaths improve the results: the poor person who dies at age four or at age forty thereby improves the next poverty count. Any snapshot view of poverty has this perverse consequence that it ignores those who have died prematurely and thereby gives less weight to the fate of persons whose lives are short. If the poorer half of all human beings born live, on average, half as long as the rest, then they will all fit into the poorest third of the World Bank's snapshot view. If the poorer half live only one-third as long as the rest, then they will all fit into the poorest quarter of the World Bank's snapshot presentation. The latter scenario looks like an improvement – a smaller proportion of human lifetime is spent in poverty. But the apparent improvement actually hides a disaster: those born into poverty have fallen even further behind in terms of life expectancy.⁶

⁴ Global household income distribution data for 2008 from Branko Milanovic, principal economist in the World Bank's **Development Research Group**, in a personal e-mail communication on 7 December 2012. See also Milanovic (2012).

⁵ To keep my estimate conservative, I have included only those causes of death which occur almost exclusively among the poor. Of course, many poor people die from causes that also kill affluent people, and often at earlier ages due to more severe disease vectors and inferior medical care. But no such premature deaths are included in the 18-million figure.

⁶ For a more detailed statement of this point, see Pogge (2002: 98). For a full elaboration of the point in the language of economics, see Kanbur and Mukherjee (2007).

Leaving behind this immensely important and yet widely ignored flaw in the World Bank's poverty measurement exercise, let us examine more closely the figures presented in the tables of the 'Update'. We find there that the number of people living below the \$2/day poverty line is reported to have been 2,585 million in 1981. So the number of human beings living below this \$2/day poverty line declined by 4.4 per cent in 27 years (1981–2008). Looking at this minuscule decline, it does not seem so clear anymore that we really have cause to celebrate or reason to relax in the fight against poverty.

But how can these two findings go together: that we have done miserably by reducing the number of very poor people by only 4.4 per cent in a twenty-seven-year period and that we have been spectacularly successful by cutting poverty in half fully five years before the 2015 target date?

It all depends on which numbers one picks from the tables and how one presents them. MDG 1 tracks the poor not in terms of their *number*, but as a *proportion* of the population of the less developed countries. Because this population increases rapidly, the proportion of poor people declines even when their number remains constant. To illustrate, the very same 1981–2008 progress in regard to people living below the \$2/day poverty line can be expressed as a 4.4 per cent decline in their *number* or as a 38.2 per cent decline in their *proportion* (from 0.696 to 0.430 of the population of the less developed countries).

As we have seen, MDG 1 also uses a much lower \$1.25/day poverty line, counting as poor only those households that are living on less per person per day than what \$1.25 could buy in the United States in 2005. This choice leads to an even steeper decline in the proportion of poor. Using as the baseline the poverty prevalence of 1990, chosen as the base year for all MDGs, we find that by 2008 the proportion of \$1.25/day poverty had reportedly declined by 48 per cent (from 0.431 to 0.224 of the population of the less developed countries), whereas the proportion of \$2/day poverty had reportedly declined by only 33.4 per cent (from 0.646 to 0.430 of the population of the less developed countries). Previous communications from the World Bank had given figures also for a higher poverty line of \$2.50/day (2005 value), which showed an even less rosy trend.⁷

Accepting for now the figures in the World Bank's tables, one can spin the news in very different ways depending on which data one selects and on how one presents them. Thus the tables support both of the following statements: (1) the period 1981–2008 has seen a 4.4 per cent decline in the number of human beings living on less than \$2/day (2005 value), and (2) the period of 1990–2008 has seen a 48 per cent

⁷ The present 'Update' provides no figures for this line, but they can be obtained at <http://iresearch.worldbank.org/PovcalNet/index.htm> – enter "\$76/month" to find a decline in poverty prevalence of 27 per cent during 1990–2008. The number of people living on less per person per day than what \$2.50 could buy in the United States in 2005 has reportedly evolved from 2784 million in 1981 to 3178 million in 1990 to 3008 million in 2008.

TABLE 8.1. “Halving World Poverty” as interpreted in the Millennium Declaration

Millennium Declaration	Millions of people in extreme poverty	World population in millions	Proportion in poverty	Progress against poverty (%)
2000	1708.7	6123	0.279	
2008	1289.0	6740	0.191	31.5%
2015 target	1016.1	7284 est.	0.1395	50.0%

TABLE 8.2. “Halving World Poverty” as interpreted in MDG 1

MDG1	Millions of people in extreme poverty	LDC population in millions	Proportion in poverty	Progress against poverty (%)
1990	1908.6	4431	0.431	
2008	1289.0	5753	0.224	48.0%
2015 target	1351.2	6270 est.	0.2155	50.0%

decline in the proportion of people in the less developed countries living on less than \$1.25/day (2005 value). Given that the evolution of world poverty can be presented in such dramatically divergent ways, it is hardly surprising that our politicians and international officials prefer the rosier picture.

2. MOVING THE GOAL POSTS ON INCOME POVERTY AND HUNGER

It is worth recalling in this context that the MDGs – though they are said to originate in and to derive their authority from the Millennium Declaration that the UN General Assembly adopted in the year 2000 – represent a substantial revision of this Declaration. Article 19 of the Millennium Declaration articulates the resolve of the world’s governments “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”.⁸

There are three noteworthy discrepancies between this formulation in the Millennium Declaration and the subsequent text of MDG 1 (see Tables 8.1 and 8.2). First, the Millennium Declaration stipulates a poverty line of \$1/day in 1985 US dollars,⁹ which is substantially higher in most countries than the MDG 1 poverty line of \$1.25

⁸ United Nations Millennium Declaration, G.A res 55/2, U.N. Doc. A/Res/55/2, 18 September 2000.

⁹ This was the World Bank’s international poverty line fixed in 1990. In 2000 the Bank then started using a revised international poverty line of \$1.08/day in 1993 US dollars, before revising again in 2008 to an international poverty line of \$1.25/day in 2005 US dollars. These changes are reflected, inter alia, in the World Bank’s annual *World Development Reports*.

in 2005 US dollars (Reddy and Pogge, 2010).¹⁰ As we already saw, a lower poverty line tends to produce a better looking poverty trend. Second, MDG 1 relates the number of poor not to the population of the world but to the faster growing population of the less developed countries. Third, all MDGs use 1990 as the base year, whereas the Millennium Declaration uses the time of its own adoption: the year 2000. Back-dating the baseline to 1990 is triply significant: it increases from 15 to 25 years the time in which poverty reductions can be achieved, it magnifies the increase in the base population to which the number of poor is being set in proportion, and it takes advantage of the substantial poverty reduction that China achieved in the 1990s.¹¹

Because the World Bank no longer provides figures for the old poverty line denominated in 1985 US dollars, I cannot quantify the impact of the first discrepancy.¹² However, using the new extreme-poverty line of \$1.25/day (2005 value) throughout, we can illustrate the significance of the other two ways in which the formulation of MDG 1 departed from the text of Millennium Declaration.

Table 8.2 shows clearly how the latest World Bank data support the message that we can now relax on the poverty front: even a 62 million *increase* in the number of extremely poor people during the 2008–15 period would, thanks to population growth in the less developed countries, still suffice to ensure that the relevant proportion of extremely poor people declines to less than half of what it was in 1990.

The two tables together show how the reformulation of our goal adds 335 million human beings to the number of those whose extreme poverty in 2015 will be considered acceptable or even celebrated as success. Had we stuck to the Millennium Declaration, solemnly adopted by the General Assembly of the United Nations, we would be aiming to reduce the number of extremely poor people by 692.6 million between 2000 and 2015. Having switched to MDG 1 instead, we are now aiming for a reduction by only 357.5 million. Nearly half the work against poverty promised in the Millennium Declaration was accomplished by a stroke of the pen, simply by moving the goal posts. The other half happened without much effort – simply through ordinary growth in global average income. As Branko Milanovic has extensively documented, the world's poor have actually done worse than humanity at large

¹⁰ In the United States, for instance, \$1 (1985 value) corresponds to \$1.815 (2005 value) which is 45 per cent more than \$1.25. Expressed in dollars of 2012, the two benchmarks of \$1 (1985 value) and \$1.25 (2005 value) correspond today (May 2013) to \$2.16 and \$1.49, respectively. Available at www.bls.gov/data/inflation_calculator.htm.

¹¹ The World Bank's 'Update' reports that the number of Chinese living below the \$1.25/day poverty line has declined by 265 million or 39 per cent during the 1990s. Thanks to this feat, the world's most populous region, East Asia and the Pacific, actually achieved MDG1 already in 1999 – fully two years before the MDGs were even announced! See *Implementation of the United Nations Millennium Declaration, Report of the Secretary-General* (Fifty seventh session, 2002), U.N. Doc. A/57/270 at 8 and 22 (2002).

¹² But see the eighth paragraph of section 1, indicating that the choice of a lower poverty line tends to be associated with a rosier poverty trend.

during the relevant period, suffering declines in their share of global household income (Milanovic, 2012).¹³

The great ease with which this massive fraud against the poor was perpetrated illustrates the most important point we need to realise: how utterly indifferent we more privileged people are to the fate of the world's poor. Perhaps it was to be expected that Kofi Annan would come under pressure to dilute the goal and that he would succumb to this pressure. But what about all the others? Thousands of government officials were involved in drafting the **Millennium** Declaration; thousands of journalists reported on it; thousands of economists, statisticians, and other academics examined the goals it was setting forth. Many of these thought leaders knew, and all of them could and should have known, that the express resolution of the UN General Assembly was being subverted at the expense of the poor. But no one cared about 335 million additional people condemned to extreme poverty – not enough, anyway, to speak out or even just to let the real story be told.¹⁴

MDG 1 also contains the additional target: “to halve between 1990 and 2015 the proportion of people who suffer from hunger”. This target, too, is the diluted successor of an earlier promise. At the World Food Summit in Rome in 1996, the assembled governments had made this solemn promise: “We pledge our political will and our common and national commitment to achieving food security for all and to an ongoing effort to eradicate hunger in all countries, with an immediate view to reducing the number of undernourished people to half their present level no later than 2015.”¹⁵ Although this promise envisioned that the *number* of chronically undernourished people would be halved from the 1996 level, the MDG 1 promise envisages halving the *proportion* of chronically undernourished people in the population of the less developed countries from the 1990 level (see Tables 8.3 and 8.4).¹⁶

Once again, the effect of the reinterpretation is dramatic: fully 202 million human beings are added to the number of those whose chronic undernourishment in the year 2015 will be considered acceptable or even celebrated as success. Instead

¹³ Milanovic's data concerning the evolution of global inequality at market exchange rates are reproduced in Table 8.9.

¹⁴ I tried in 2003–4 to interest news media in the deceit and was turned down by many, including the *New York Times*, *New York Review of Books*, and *London Review of Books*. I finally managed to publish an 800-word essay in the *Frankfurter Rundschau* (12 February 2004) as well as an academic article (Pogge, 2004). Neither publication had any discernible echo.

¹⁵ Rome Declaration on World Food Security, FAO, 13–17 November Rome Italy, available at www.fao.org/docrep/003/w3613e/w3613e00.htm. The UN Food and Agriculture Organization is also the source for the number of chronically undernourished people as shown in Tables 8.3–5. See FAO (2010: Table 1, p. 50), www.fao.org/news/story/en/item/8836/, www.fao.org/news/story/jp/item/45210/icate/, and www.fao.org/hunger/en/ (accessed April 5, 2011).

¹⁶ It should be clear that, in highlighting this revision, I attach no importance at all to whether governments track poverty as a number or proportion. My concern is with the *dilution* of our goal and with the effort to obscure this dilution by retaining the ‘halving extreme poverty by 2015’ language.

TABLE 8.3. *Halving hunger as interpreted in the Rome Declaration*

Rome Declaration on world food security	Millions of chronically undernourished	Progress against chronic undernourishment (%)
1996	788	
2010	925	-17%
2015 target	394	50%

TABLE 8.4. *Halving hunger as interpreted in MDG 1*

MDG 1	Millions of undernourished in LDCs	LDC population in millions	Proportion chronically undernourished in LDCs	Progress against chronic undernourishment (%)
1990	843	4431	0.190	
2010	925	5899	0.157	17%
2015 target	596	6270 est.	0.095	50%

of aiming to reduce the 1996 number by 394 million, we are now aiming for a reduction by merely 192 million – achieving more than half the initially promised progress against chronic undernourishment again by a stroke of the pen, simply by moving the goal posts. Instead of admitting in 2010 a shameful 17 per cent setback in the fight against chronic undernourishment, we are announcing a 17 per cent advance. And once again, this massive fraud against the world’s poor is perpetrated without so much as a whisper from the more affluent populations that have control of and access to means of mass communication.¹⁷

3. BRINGING FOOD COSTS INTO THE EQUATION

A close look at Table 8.4 reveals the massive divergence of the trend of chronic undernourishment from the extreme-poverty trend. Although one would expect these two trends to be strongly correlated, they in fact go in opposite directions. Tables 8.5 and 8.6 present these trends in more detail.

¹⁷ It is worth noting that the creative accounting is not confined to MDG1. The annual MDG reports state generally that “[m]ost of the MDG targets have a deadline of 2015, using 1990 as the baseline against which progress is gauged” (UN, 2011: 66). The year “1990” occurs hundreds of times in these reports, but not one single time in the entire UN Millennium Declaration. For example, in current UN phrasing, MDG 4 and MDG 5 require that we “reduce by two thirds, between 1990 and 2015, the under-five mortality rate” and “reduce by three quarters, between 1990 and 2015, the maternal mortality ratio” (Ibid.: 24 and 28). What the UN General Assembly had actually agreed to promise is rather different: “By the same date [2015], to have reduced maternal mortality by three quarters, and under-five child mortality by two thirds, of their *current* rates” (UN Millennium Declaration, Article 19, emphasis added).

TABLE 8.5. *The reported evolution of chronic undernourishment worldwide (FAO)*

Year	Undemourished persons in millions	As a percentage of world population
1969–71	878	26
1979–81	853	21
1990–92	843	16
1995–97	788	14
2000–2	833	14
2005–7	848	13
2008	963	14
2009	1023	15
2010	925	14

The headcount figures of Table 8.5 are most comparable to those related to the lowest poverty line included in the latest World Bank ‘Update’. In regard to this \$1/day (2005 value) poverty line, the ‘Update’ provides the data displayed in Table 8.6.

The striking discrepancy between the trends depicted in Tables 8.5 and 8.6 has long been ignored, with media attention focusing on the rosier poverty data – the Food and Agriculture Organisation (FAO) has nothing like the visibility, prestige, or financial resources of the World Bank. Yet the latest MDG Report (UN, 2011) does finally comment on this discrepancy. After depicting the fall in reported poverty between 1999 and 2009 and the rather less pretty evolution of chronic undernourishment, it comments with a carefully crafted sentence: “The disconnect between

TABLE 8.6. *The reported evolution of \$1/day (2005 value) poverty worldwide (World Bank)*

Year	Persons living below \$1/day (2005 value) in millions	As a proportion of the population of the less developed countries
1981	1545.3	41.6
1984	1369.3	34.7
1987	1258.9	30.1
1990	1364.7	30.8
1993	1338.1	28.7
1996	1150.0	23.5
1999	1181.9	23.1
2002	1096.5	20.6
2005	886.1	16.0
2008	805.9	14.0

poverty reduction and the persistence of hunger has brought renewed attention to the mechanisms governing access to food in the developing world” (UN, 2011: 11). The sentence suggests a possible explanation for the discrepancy: food distribution systems in less developed countries have been deteriorating so that poor people cannot find food to spend their money on. This wholly unsupported speculation defies common sense, and the MDG Report is careful not to endorse it, but merely to convey vaguely that some people apparently find this explanation worthy of attention.

Is there a better explanation of the discrepancy? The World Bank adjusts all incomes for inflation. So in judging how a household has fared over the 2005–10 period, the Bank compares its *per capita* income with the – typically national – inflation rate. If a household’s *per capita* income rises faster than the rate of inflation, the Bank concludes that this household has become less poor.

Inflation is tracked by national consumer price indices (CPIs). These indices are sensitive to the evolution of the prices of all commodities that households consume, weighting each commodity in proportion to its share in national household expenditure. An increase in the CPI of, say, 15 per cent between 2005 and 2010 reflects a weighted average of the five-year price changes for thousands of commodities. Many commodities became cheaper over this period – consumer electronics and real estate, for instance – while the prices of other commodities rose by much more than the rate of inflation.

Here is then a better explanation of the poverty-hunger ‘disconnect’. In the 2005–10 period, food prices rose much faster than inflation. The FAO publishes detailed monthly food price statistics for the major food groups as well as an aggregate index that tracks world market prices in both nominal and inflation-adjusted (real) terms. As can be seen from the FAO data displayed in Table 8.7, food prices increased by 58 per cent – 35 per cent more than the general rate of inflation – during the 2005–10 period and then increased some more in the period from 2010 to the release of the World Bank’s ‘Update’ on 1 March 2012.

It is clear that this dramatic doubling of food prices is bad for consumers and especially for the poor. But it may seem that the World Bank’s poverty measurement exercise fully takes account of the rapid increase in food prices: nominal changes in a household’s income are deflated by the rate of inflation, which in turn takes account of the prices of foodstuffs alongside the prices of everything else that households consume. When a household’s income keeps pace with the national inflation rate, then the divergent price changes of the different commodities are a wash: even if food prices go up much faster than the rate of inflation, the household can still afford to maintain its accustomed diet. This is so because the expansion of the income share that it must now spend on food is compensated by the contraction in the income share it now needs for purchasing other commodities whose prices have not risen as steeply as the rate of inflation.

TABLE 8.7. *The evolution of world food prices 2000–2012*¹⁸

World food price index	Nominal	Real (deflated)
2000	90.4	92.9
2005	117.3	103.3
2006	126.7	108.2
2007	158.7	127.7
2008	199.8	147.6
2009	156.9	123.9
2010	185.3	139.4
2011	227.6	154.0
2012	211.7	141.5

The reasoning displayed in the preceding paragraph is applicable to households that consume commodities in the same proportions as do households in general; the inflation rate, after all, weights the prices of the various commodities according to their share of national household consumption expenditure. But the reasoning is dubious when applied to poor households whose per capita income may be only one-tenth, say, of the national average. The income share that such very poor people spend on consumer discretions and services – on cars, stereos, DVDs, furniture, vacation travel, entertainment, computers, alcohol, cosmetics, handbags, taxis, domestic help, hairstyling, and so on – is much smaller than the share of national household expenditure devoted to these commodities. The reason is not that poor people dislike such discretions and services, but rather that they must spend a larger than average share of their incomes on basic needs, especially food. Their nutritional requirements, after all, are the same as those of rich people – or even greater, because many of them perform heavy physical labour. To be sure, poor people can substitute cheaper foodstuffs and can then obtain an adequate diet for one-third or perhaps even one-quarter of what their average compatriot is spending. But they cannot get by on one-tenth of that amount. If in a poor country a household subsisting on one-tenth the national average income were to spend no more than the nationally typical share of its income on food, its members would simply not survive.

Because very poor people must spend more than the average share of their incomes on food, the national rate of consumer price inflation understates the impact on them

¹⁸ See www.fao.org/worldfoodsituation/wfs-home/foodpricesindex/en/ for the FAO Food Price Index data. They reflect international food prices prevailing on world markets. National and local governments have various ways of cushioning the impact of rising food prices – subsidies and tax reductions, for example – and in many countries food prices have not risen as sharply as the Food Price Index suggests. Still, they have risen sharply in most countries and well above the rate of inflation.

TABLE 8.8. *The reported evolution in the number of poor, 2005–2008*

Poverty Line in 2005 international dollars	Reported millions of poor in 2005	Reported millions of poor in 2008
\$1.00/day	886.1	805.9
\$1.25/day	1389.6	1289.0
\$2.00/day	2595.8	2471.4

of extraordinary movements – up or down – of food prices. The resulting error is magnified by the fact that the much larger expenditures of rich households dominate the national household expenditure pattern. In a typical poor country, the richer half of the population may spend 40 per cent of its income on food and the poorer half 80 per cent. But when the richer half accounts for nine-tenths of national household expenditure, the average share works out to 44 per cent of national household expenditure devoted to food. Given the way a national CPI is calculated, it is all but guaranteed to be more inappropriate to the consumption of the poorer half of the population than to that of the richer half: when food prices rise much faster than inflation, then a poor household whose income keeps pace with inflation becomes much worse off, whereas a rich household whose income keeps pace with inflation becomes just slightly better off.¹⁹

Could this be the explanation for the discrepancy between the FAO's shocking undernourishment statistics and the Bank's much rosier poverty statistics? This question is impossible to answer so long as all we have from the World Bank are the numbers (Table 8.8), which show a substantial decline in poverty during the 2005–8 period, without any explanation of how the local incomes of households were converted into 2005 US dollars.

What we do know already is what importance the world's affluent people are attaching to the missing knowledge: none. The World Bank published its triumphalist update in advance of a proper explanation of what the numbers mean. And the

¹⁹ I have made analogous points about the purchasing power parities (PPPs) that the Bank is using to convert 2005 US-dollars into 2005 local currency units of other countries. The Bank uses purchasing power parities for individual household consumption, which weight food prices according to the share of food expenditures in international household consumption spending. This is highly problematic because poor people do and must spend much larger shares of their meager incomes on food than consumers in general. Because foodstuffs are highly tradable, i.e. can easily be shipped across national borders, their prices tend to reflect market exchange rates more closely than commodities in general do. It is not surprising, then, that the PPPs used by the Bank overstate, in each and every poor country, the purchasing power of local currency units in regard to food. Food prices in poor countries tend to be about 50 per cent higher, on average, than the PPPs used by the Bank would suggest. This means that the local currency amount the Bank deems equivalent to \$1.25 (2005 value) will buy, in the typical poor country, only as much food as could be bought in 2005 for \$0.83 in the United States. For details, see Pogge (2010: 68) with endnote 127.

experts, media, politicians, and officials celebrated on cue without a moment's hesitation occasioned by the FAO's reports of massive increases in food prices and undernourishment.

4. THE LATEST DEVELOPMENTS²⁰

A yearlong delay in the publication of this essay prompts me to bring it up to date on two fronts.

In August 2012, the World Bank released its explanation of the methodology underlying its earlier 'Update'. The explanation frankly acknowledges that "our international poverty line of \$1.25 per day in 2005 [dollars] is deliberately lower than the 2005 value in the United States of our old international line", which was \$1.00 per day in 1985 dollars (Chen and Ravallion, 2012b: 4). Although no justification is given for the deliberate choice of a lower international poverty line, a useful diagram (Chen and Ravallion, 2012b: 22, Figure 20.3, Cumulative Distribution Functions Up to U.S. Poverty Line) shows clearly that the choice of a lower poverty line entails a much steeper decline in the prevalence of poverty over the 1981–2008 period. The authors note, "The number of people living *between* \$1.25 and \$2.00 per day almost doubled between 1981 and 2008, from 648 million to 1.18 billion. The marked bunching up just above the \$1.25 per day line points to the fact that a great many people remain vulnerable" (Chen and Ravallion, 2012b: 27).

The methodology paper shows awareness of the special problem of food prices:

Given the steep rise in food prices around 2008, we made an extra effort to ensure that the price indexes we were using adequately reflected those increases at the country level. This step was carried out in consultation with the World Bank's poverty experts for each country. In some cases, such as India, we were already using CPIs that were anchored reasonably well to the consumption behavior of the poor, so nothing needed to be done. However, for about 15 countries (including China) for which food prices increased faster than other prices, we determined that the currently available CPI attached too low a weight to food, and we reweighted the index to assure that its food share accorded reasonably well with food spending patterns in a neighborhood of the poverty line. For another 22 countries, we used CPIs provided by the Bank's country offices that were deemed to adequately reflect the rise in food prices (Chen and Ravallion, 2012b: 11–12).²¹

²⁰ This section was inserted in March 2013.

²¹ It is not as obvious as the authors seem to think that a poverty measurement exercise should weight prices of the various commodities according to the actual consumption of the poor. Consider an urgently needed medicine, for example: the fact that poor people do not consume a certain medicine does not show that its price is unimportant to them – indeed, its exorbitant price may be the cause for their sickness or death. Conversely, the fact the poor people spend a portion of their small incomes on cigarettes may not show that fluctuations in the price of cigarettes affect how poor they are – cigarettes are not needed to avoid poverty. But then again, a rise in the price of cigarettes may

It would be important to examine whether the CPI used for India and the (sometimes reweighted) CPIs used for other countries are indeed appropriate to the situation of very poor people who, when food prices rise, must increase the already enormously large portion of their incomes spent on food.²²

The methodology paper also reveals that the researchers have adjusted the purchasing power parities (PPPs) published by the International Comparison Program (ICP): “the main source of sampling bias in the 2005 ICP appears to be that the surveys were largely confined to urban areas in some countries” (Chen and Ravallion, 2012b: 8). The authors correct this perceived bias by calculating special rural PPPs derived by discounting a country’s official PPP by the percentage by which this country’s domestic rural poverty line falls below its urban poverty line.²³ This adjustment greatly reduces the number of rural poor and improves the look of the global poverty trend line.²⁴ It is unclear whether the Bank had the data to make analogous adjustments retroactively to the years before 2005. If not, the adjustment would have steepened further the reported decline in global poverty since 1990.

The second important **development** of 2012 was that the FAO has brought its hunger numbers into line with the World Bank’s poverty numbers. Thanks to a “revised and improved methodology” (FAO, 2012: back cover), the 1990 number of undernourished people was revised upward by 19 per cent and the 2008–10 numbers of undernourished people downward by 10, 15, and 6 per cent, respectively (Table 8.5 herein with FAO, 2012: 9). These revisions facilitate the bolded “key message”

increase malnutrition by diverting poor households’ resources away from food. How the incomes and expenditure budgets of poor households should be assessed against the background of fluctuating commodity prices is a complex question that requires not merely accurate price and consumption data but also morally informed reflection that is best developed in discussion with poor people themselves. Efforts in this direction are underway within the Oxford Poverty and Human **Development** initiative (www.ophi.org.uk/research/multidimensional-poverty, led by Sabina Alkire) and in the Australian National University’s project, “Measuring Poverty and Gender Disparity,” in which I am involved (www.genderpovertymeasure.org).

²² More affluent people can typically cope with food price increases through a combination of switching to cheaper foods and eating less. By contrast, very poor people who are already eating very little food of the cheapest kinds are compelled to devote even more of their meagre incomes to food. As food prices rise, a CPI that assigns a fixed weight to food prices may thus become increasingly inappropriate for assessing the situation of the poor.

²³ To illustrate, Pakistan’s official 2005 PPP for individual consumption by households was 20.71, which means that the Bank’s international poverty line translates into 25.89 Pakistani rupees (2005 value). Deeming this translation distorted by an urban bias, the authors discount it, for purposes of classifying rural households, by the percentage by which Pakistan’s domestic rural poverty line falls below Pakistan’s urban poverty line. No reason is provided for why the ratio between a country’s urban and rural poverty lines should be considered an accurate reflection of the difference in price levels – are the prices faced by India’s urban poor really 51 per cent higher than the prices faced by India’s rural poor (Chen and Ravallion, 2012b: 9, note 12)? It is likely that the level of these poverty lines is often influenced by political considerations – for example, by the thought that appeasing the urban poor is more important because they can be more easily mobilized into a protest movement.

²⁴ As we have seen throughout, lower poverty lines are associated with better-looking trend lines throughout the 1981–2008 period.

of the report: “The revised results imply that the Millennium Development Goal (MDG) target of halving the prevalence of undernourishment in the developing world by 2015 is within reach” (FAO, 2012: inside front cover and p. 8).²⁵

To see that the revised results imply no such thing one needs to read on to find that the FAO’s new methodology considers undernourished persons only those living below the *caloric* requirements of a *sedentary* lifestyle for a *full year*: “‘undernourishment’ has been defined as an extreme form of food insecurity, arising when food energy availability is inadequate to cover even minimum needs for a sedentary lifestyle . . . a state of energy deprivation lasting over a year” (FAO, 2012: 50). According to this definition, it is biologically impossible for anyone doing serious physical labour (such as construction workers, agricultural labourers, or rickshaw drivers) to be counted as undernourished because no such person could have survived for more than a year on less than the calories sufficient to cover merely the minimum activity level associated with a sedentary lifestyle. Yet such persons evidently can, and many of them do, suffer from hunger. And it is in terms of this concept that the first MDG had promised to “halve, between 1990 and 2015, the proportion of people who suffer from hunger.” The FAO’s new definition is obviously entirely inappropriate for tracking how the world is doing in regard to the hunger target of MDG 1.

In year 22 of a 25-year MDG reporting exercise, the FAO has, with hindsight, adopted a new methodology that qualifies it to join the planned celebrations of the success of the MDGs. This new methodology comes at the cost of further marginalising many of the world’s poorest people: persons who (e.g., on account of seasonal factors, temporary unemployment, or food price fluctuations) lack for less than a full year the nutrition they need for the minimum activity level of a sedentary lifestyle, persons who lack sufficient nutrition for the higher activity level associated with their work, and persons whose diet is deficient in one or more important micronutrients. Once again, the indifference to the world’s poor could not be more palpable.

5. ALTERNATIVE PATHS

What would we do differently if we paid critical attention to world poverty? First, we would realise that the morally appropriate way for us to assess the immense extent of

²⁵ One can get a sense of the pressure the FAO was under from the glee with which the friends of Washington-style globalisation have greeted the revisions. Here is an example: “In 2010, as food prices were spiking for the second time in three years, governments, international agencies and non-government organisations blared out a new and powerful fact: there were a billion hungry people in the world and this, they said, in a period of plenty, was a disgrace. The UN’s Food and Agriculture Organisation (FAO), which had estimated the figure in an annual report, even had the words ‘one billion hungry’ draped in letters 50 feet high outside its headquarters building in Rome. The number of hungry people in the world is indeed a disgrace. But there was one problem with the precise figure: it was completely bogus. This week, in its 2012 report on the state of food insecurity in the world, the FAO quietly revised it down to 868m and got rid of the spike in the numbers that had supposedly occurred in 2008-10.” “Not a billion after all” in *The Economist*, 10 October 2012, www.economist.com/blogs/feastandfamine/2012/10/hunger.

severe poverty today is by comparing it not to the severe poverty of the past but to the severe poverty (if any) that is today really unavoidable. Second, we would realise that our response to this vast poverty problem must not be confined to the small political space called **development** assistance, but that we must mainstream this problem so that the imperative of poverty avoidance is prominently taken into account in all political decisions about the design of (national and supranational) social institutions and policies. Third, we would respond to the unimaginable sufferings of global poverty not by proclaiming detached goals that commit none of the proclaimers to anything in particular, but with a determinate assignment of concrete responsibilities that result in an international cooperative plan to eradicate severe poverty as fast as reasonably possible. Fourth, we would transfer the monitoring tasks from partisan and politically exposed agencies such as the World Bank and the FAO to impartial, unencumbered teams of academic experts required firmly to bind themselves at the beginning of a reporting period to precisely described methods and procedures for tracking progress towards realising the goals. The first three of these points call for further elaboration.

To appreciate why, even if it were real, our progress against severe poverty is really besides the point, recall that there was a time when people talked about the actual or envisioned improvement of slavery – about legislative and cultural changes that would facilitate more tolerable living conditions by curbing rapes, beatings, and splitting of families; by reducing back-breaking labour; and by guaranteeing minimally adequate food, shelter, and leisure time. This sort of talk ended when slavery came to be recognised as fundamentally unjust. For those who shared this recognition, the only adequate response to slavery was abolition – an institutional reform that effectively protects all human beings from being enslaved.

We need a similar recognition today in regard to severe poverty. We need to understand that, unlike severe poverty in times past, such poverty is today avoidable at little cost to anyone. Surprising to many, the world poverty problem – so unimaginably large in human terms – has become downright tiny in economic terms. At market exchange rates, the collective shortfall of all those living below \$2/day (2005 value) amounts to about \$300 billion or 0.4 per cent of world income (the sum of all gross national incomes). Even the much larger shortfall of the 3 billion human beings living below \$2.50/day (2005 value) is only about \$500 billion, or 0.7 per cent of world income.²⁶ With these figures in mind, reflect once more on the promise made at the World Food Summit in Rome: “We pledge our political will and our common and national commitment to achieving food security for all and to an ongoing effort to eradicate hunger in all countries, with an immediate view to reducing the number of undernourished people to half their present level no later than 2015.” Seeing that one-third of all human deaths, some 18 million annually, are due to poverty-related causes and that life-threatening poverty can be eradicated

²⁶ See Pogge (2010: 69–70), referencing the World Bank’s report on the state of world poverty in 2005. See also <http://iresearch.worldbank.org/PovcalNet/index.htm> for the most updated World Bank figures.

through a 1 per cent shift in the global income distribution, even this most ambitious (and quickly abandoned) anti-poverty promise must seem ludicrously unambitious. Should our 'immediate' goal really be to spend fully nineteen years merely on halving a problem of this horrendous magnitude, to reduce it to 9 million annual poverty deaths? Imagine an analogous response to the challenge of the deaths and suffering inflicted on Europe by Germany seventy years ago, which would only be a commitment to halving the problem over the 1942–61 period. Such a commitment would seem grotesquely underambitious – and defeating Germany was vastly more costly than defeating severe poverty would be today.

The World Bank's diachronic poverty statistics lure us into a false sense of normalcy, a sense that the poor have always been and hence always will be with us. Yes, there has always been a large proportion of humanity living in life-threatening poverty. Nonetheless, today's severe poverty is radically different from that of the past because today we have the resources – technical, economic, and administrative – to end such poverty once and for all, at very moderate cost. Given these greatly enhanced capabilities, this is what we must do, together, as fast as we reasonably can.

This conclusion is reinforced when we realise that the persistence of severe poverty today is a reflection not merely of local and national causes but also of supranational institutional arrangements that powerfully shape local and national factors as well as their effects. Such supranational institutional arrangements are designed through inter-governmental negotiations that are dominated by the interests of the more powerful governments and by those of the more influential multinational corporations, banks, hedge funds, and industry associations that can effectively lobby these governments and their officials. The members of this small global elite generally have no animosity against the poor; yet they naturally love themselves and try to increase their own wealth and power, as well as that of their respective States and organisations. The unintended but entirely foreseeable results of their efforts are then supranational institutional arrangements that further expand the largest shares of global household income while compressing the remaining smaller shares.

Table 8.9 presents data from Branko Milanovic, providing evidence for such an inequality spiral. It shows that, over twenty crucial years of rapidly increasing global governance, global inequality has increased sharply, with the poorest 40 per cent of humanity losing ground while the top 5 per cent gained greatly. Consider once more the \$500 billion shift in the distribution of global annual income that would bring the poorest 3 billion human beings up to the Bank's \$2.50/day (2005 value) poverty line. We can now see that this shift is not even half the size of the recent *gain* in the share going to the richest 5 per cent of humanity. Using just half of this gain, those 3 billion human beings living below \$2.50/day (2005 value) could all exceed this level.²⁷ Such a shift would bring the poorest 40 per cent of

²⁷ \$500 billion is approximately 1.2 per cent of global household income or 0.7 per cent of world income, which also includes government spending.

TABLE 8.9. *Evolution of the global household income distribution at market exchange rates*

Segment of world population	Share of global household income, 1988	Share of global household income, 2008	Absolute change in income share	Relative change in income share
Richest 5 per cent	42.872	45.751	+2.879	+6.7%
Next 15 per cent	42.958	39.137	-3.821	-8.9%
Second fifth	8.958	9.782	+0.824	+9.2%
Middle fifth	2.843	3.236	+0.393	+13.8%
Fourth fifth	1.518	1.428	-0.090	-6.0%
Poorest fifth	0.851	0.666	-0.185	-21.8%

humanity up to 3.5 per cent of global household income, still leaving the richest 5 per cent with 44.3 per cent thereof and a more than 100 times higher average income.

Understanding how supranational institutional arrangements, as presently designed, contribute to the persistence of life-threatening poverty leads to the important realisation that we affluent citizens of the more powerful countries are not merely bystanders but also contributors to life-threatening poverty, in virtue of our shared responsibility for what our governments do in our names.²⁸ This fact entails that our duties in regard to world poverty are far more stringent than most of us realise. We do not merely do too little towards mitigating life-threatening poverty but we also (with many others) participate in perpetuating it – not merely failing to fulfill human rights but also collaborating in their violation. What we must do, then, is to help protect poor people from the harms we are also co-responsible for producing and to work through our government towards reforming supranational institutional arrangements so that they are, insofar as is reasonably possible, conducive to poverty avoidance and more broadly to the fulfillment of human rights. An institutional injustice is not something to be gradually ameliorated at one's leisure. It is to be eliminated through institutional reforms as fast as reasonably possible pursuant to a negative duty – on a par with the duty that citizens of the antebellum United States had in regard to slavery – not to impose unjust social institutions, especially ones that foreseeably give rise to a reasonably avoidable human rights deficit. In this regard, severe poverty and slavery are on a par: when social institutions avoiding these deprivations are reasonably possible, then the imposition of social institutions that perpetuate these deprivations constitutes a violation of the human rights of those who are enslaved or impoverished. In the words of Article 28 of the Universal

²⁸ Many of us are also beneficiaries of injustices that harm the global poor: of the injustice of supranational institutional arrangements or of the injustice of our country's foreign policies. This possibility brings into play negative duties not to take advantage of injustice without some effort at adequate compensation (Pogge, 2005: 69–74). I leave this point aside in this chapter.

Declaration of Human Rights, “[e]veryone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realized”.

When we recognise that severe poverty is not merely something that we can mitigate but also something that we continuously produce, then it becomes clear that we must not merely work for more and more efficient **development** assistance²⁹ but must also stop producing the poverty that makes such assistance necessary. We should also work towards a mainstreaming of this imperative into all negotiations relating to the design of features of the emerging global institutional architecture that have any significant distributive effects. The evolution of world poverty is affected, of course, by the quantity and quality of aid, but it is also far more profoundly affected by the remainder of current national and especially international practices: by the foreign policies of the wealthier countries and by the supranational institutional arrangements these countries design and impose.

So we should think beyond the small niche of **development** assistance. The mitigation it provides is paltry compensation for the complete exclusion of the interests of the majority of humankind from supranational rule making. As a quick example, think of the requirement of greatly strengthened intellectual property rights that, in the TRIPS Agreement, the rich countries forced upon all WTO members. Such strong intellectual property rights lead to much higher prices of new pharmaceuticals throughout the less developed countries and thereby greatly increase the aid poor people there need to safeguard their health. Rather than trying to compensate for this new artificial need for medicine subsidies, it would have been much better to anticipate this problem when deciding how to incentivise pharmaceutical innovation in the first place. In this way, the side effects and full costs of the institutional transformation would have been taken into account, and we would most likely have found a better way of rewarding pharmaceutical innovation, one that would not impose such huge costs upon the global poor.³⁰ Considering the world poverty problem only under the rubric of aid is highly inefficient because it is often much more expensive to mitigate adverse side effects on the poor (and on future generations) than to avoid them.

This brings us to the third point. The celebrated **Millennium Development Goals** were goals in the most tenuous sense of this word: they were pronouncements about what would be a good thing to happen, without any instructions to anyone on what they had to do towards bringing the desired state about. The MDGs were goals of no one in particular; they were goals completely detached from all human agency,

²⁹ The UN Statistics Division reports that governments currently spend about \$134 billion annually (2011) on **development** assistance, of which about \$14 billion (2010) is devoted to basic social services (i.e. to poverty eradication) (<http://unstats.un.org/unsd/mdg/Search.aspx?q=bss%20oda>). This is obviously a very tiny amount: only about 1/5000 of world income or 1/36 of the \$500 billion poverty gap relative to the \$2.50/day poverty line.

³⁰ For an idea in this direction, see Hollis and Pogge (2008), available at www.healthimpactfund.org, which also features a great deal of further discussion of this idea.

goals that did not specify any duties or responsibilities even in the small political space of **development** assistance. This complete detachment of the MDGs, even more than all the clever gaming of the targets and statistics, renders the whole MDG campaign a cruel joke upon the poor: a celebration of our concern for the world's poor to complement our vast crime against them.

The MDGs are perfectly suited to enabling us to celebrate our approval of them without lifting a finger to do anything extra towards protecting the poor. The rich countries and their organisations assumed the role of score-keeping spectators, talking about how well this or that country or region was doing in achieving particular MDGs. At the same time the elites of poor countries were complaining about rich countries lending too little support. Detachment of the MDGs ensures that blame for the failures cannot be pinned on anyone because no one had been assigned or had accepted any concrete tasks or duties towards their realisation.

If we are to do justice to the world poverty problem, we must set ourselves the goal of its elimination, and to achieve this goal we must make a robustly realistic plan that assigns specific roles and responsibilities to particular governments, inter-governmental organisations, corporations, and so on. Their foremost responsibility must be that of mainstreaming the imperative of poverty eradication, of reforming the social institutions and policies that have been sustaining severe poverty. This will require international collaboration among experts, practitioners, and the media. Academics can foster such collaboration by working together across academic disciplines towards building a common understanding of the world poverty problem and a common methodology for tracking its dimensions and for assessing the prospects and actual results of new policies and reforms.³¹

In the midst of a massive food price spike that, fed by our greed for land and biofuels, is disrupting and devastating the lives of billions of poor people, we affluent are celebrating our wonderful concern for the global poor and our great success in diminishing their number – excuse me – proportion. Whether there has been any such diminution is yet unknown. What is clear is that we affluent have been remarkably successful at appropriating a rapidly increasing share of global household income – and at collective self-deception.

It would be really good if the successors to the MDGs could include at least one goal that highlights and can help overcome the injustice of current poverty. One example of such a goal would be the creation of the Health Impact Fund (see note 30), which would shield poor populations from some of the worst effects of the TRIPS Agreement. A few additional examples follow.

Protectionist trade barriers distort trade and diminish trading opportunities for poor populations. To help offset their effects, countries providing subsidies or export credits commit to paying a share of the value of such subventions into a multilateral

³¹ I hope that Yale's Global Justice Program can continue to deliver such academic contributions, especially through its Global Poverty Consensus Report (<http://academicsstand.org/the-global-poverty-consensus-report/>) and Health Impact Fund projects.

Human **Development Fund**. At a 10 per cent rate, this mechanism would raise about \$30 billion annually for human **development**.

Many jurisdictions facilitate the maintenance of secret bank accounts whose owners and beneficiaries remain completely anonymous. Recognising that such secret accounts facilitate corruption, embezzlement, tax abuse, drug trading, terrorism, and human trafficking, governments commit to ending the practice as soon as reasonably possible by imposing collective sanctions on the relevant banks and countries. Accounts that, after an appropriate interval, still lack beneficial ownership information should be subject to confiscation for the benefit of the Human **Development Fund**.

Company-internal trade enables multinational corporations to realise their profits in jurisdictions where tax rates are very low or zero. To help address the effects of lost corporate tax revenues on poor populations, governments commit to requiring multinational corporations to pay to the Human **Development Fund** an alternative minimum tax (AMT) equal to 90 per cent of the amount by which all national taxes they pay fall short of a minimum percentage of their worldwide profits. This minimum percentage is set to rise gradually to 10 percent by 2025. Governments commit to collaborate in the enforcement of this AMT against all multinationals with operations in their jurisdiction.

Pollution and climate change impose massive harms and costs on current and future poor populations. To help offset these effects, all countries agree to pay a fee to the Human **Development Fund** for any excess emissions (e.g., exceeding four metric tons of CO₂ per person per year). If this fee rose gradually to \$5 per metric ton, it could raise as much as \$70 billion annually from CO₂ emissions alone.

Arms exports to the less developed countries fuel wars, civil wars, and repression. To help offset these effects, affluent arms-exporting countries commit to paying a share of the value of such exports to the Human **Development Fund**. At a 15 per cent rate, this mechanism would raise about \$4 billion annually.

The populations of many less developed countries are burdened by large debts accumulated by their rulers for purposes that were not approved by nor beneficial to the population. Governments commit to recognising any future such debts as constituting a genuine obligation of the country only if they were ratified in real time by a Debt Expert Committee (DEC) as being authorized by or serving the interest of the country's population. Lenders and their home states commit not to exert pressure on countries to service debts that earlier governments incurred, after creation of the DEC, without DEC approval.

The populations of many less developed countries suffer massive natural resource outflows that are not approved by or beneficial to the population. Governments agree that any future such exports will be vetted by a Resource Export Expert Committee (REEC) to determine whether they are acceptable to or serve the interest of the population. When the REEC finds that neither condition is met, the buyer must be required to pay 20 per cent of the purchase price to the Human **Development**

Fund. This money should be earmarked for **development** support in the country from which the resources in question were exported (when this is or becomes feasible).

Associated with globalisation, the recent emergence and increasing importance of supranational institutional arrangements have severely aggravated global inequality. Governments should commit to a targeted reduction of global inequality to ensure that poor populations, too, can benefit from technological and economic progress. Global inequality can be tracked in various ways: with the Gini coefficient, for instance, or with the ratio dividing the income share of the richest 5 per cent of the world's population by the income share of the poorest 40 per cent.³² Tracking this latter ratio, we find that it has increased from 18 to 22 in the 1988–2008 period (Table 8.9), reflecting the fact that the average income in the former group is now about 175 times the average income in the latter. A reasonable goal might then be to reverse this inequality increase over the next decade or so, and then to reduce it further to a level that approximates that prevailing in the most unequal national societies.

Appreciating how hard it would be to get even just one of these social justice goals included in the post-2015 agenda, let me stress once more in conclusion the easier point on which we should strongly insist: the monitoring of the MDG successors should be entrusted not to partisan and politically exposed agencies such as the World Bank and the FAO but to impartial, unencumbered teams of academic experts required firmly to bind themselves at the beginning of a reporting period to precisely described methods and procedures for tracking progress towards realising the goals.

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³² This idea is loosely modeled on the Palma ratio (Palma, 2011), which relates the national income share of the richest 10 per cent to that of the poorest 40 per cent. An important argument for this inequality measure is based on the empirical observation that the share of the remaining 50 per cent of the national populations (deciles 5 to 9) tends to be rather uniform in time and space, capturing about half of national income. In regard to the global population, whose income inequality is vastly larger than that of any national society, a smaller top share would seem to be appropriate.

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