

Change, Challenge and Summits

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Population

My argument begins with the growth in populations, first discussed 200 years ago by a clergyman *cum* mathematician called Thomas Malthus, the first person to hold a chair of Political Economy in England. In 'An Essay on the Principle of Population' (1798), using an idea borrowed from Condorçet and some rather suspect figures provided by Benjamin Franklin, he worked out that any human population left to itself would double every 25 years. He had a point. Take, for example, all the human beings on earth. Each day they perform some 100 million acts of sexual intercourse. (How do I know? *The Times* newspaper said so). Average life expectancy is 66, and rising. So every day the world's population increases by over 200,000. At this rate it is doubling every 40 years. (Vufoil 1) We reached the 6bn. level notionally in October 1999.

What Malthus didn't foresee is that the rate of world population growth would flatten out of its own accord. To keep the population stable requires the average woman to give birth to 2.1 live children. The Fertility Rate is below this for all the established market economies of the world and the global average is now only 1.85. Once education for women becomes universal, children instead of being an economic asset become a cost. They have to be fed, housed and educated for years; they prevent mothers from getting jobs and they no longer provide much of a guarantee against impoverished old age. Kids have become 'like headaches, things you take pills not to have'. So, estimates of world population for the mid-21st century have been falling steadily for years. (Vufoil 2). Where once we thought there would be 15 billion and rising (Line 2) we now expect under 9 billion followed by a geometric decline. (Between lines 8 and 9.) This comes as the direct result of efforts to reduce infant mortality, access to family planning and better education for women.

The average fertility rate for Europe is now about 1.4 a woman, with the lowest being Italy and Spain - two catholic countries

incidentally - at only 1.2. With low birth rates and the baby-boom generation preparing to retire, governments are already facing serious and costly demographic problems. Towns and villages in southwest France, southern Italy, northern Spain and eastern Germany are shrinking or even disappearing. Roads, telephone networks and other basic services are expensive to keep up in areas that are no longer economically self-sustaining. Only the United States is bucking the trend, with its fertility rate steady at just under 2.1 and more immigrants than the rest of the world combined. In the next 50 years, on present trends, America will gain 100 million people and Europe will lose much the same number. Italy will shrink by a fifth, so will Russia. And a similar effect is showing in the poorer countries. A generation ago these had an average fertility rate of 6. Today the figure is 2.9 and falling fast. Huge and continuing declines in the rate have been seen in, India, Indonesia, Iran, Turkey, Brazil, Mexico and of course China with its brutal birth-control.

Two immediate thoughts. We all know that aging populations pose an economic problem for most wealthy nations, as smaller numbers of working age will have to pay for health and pension benefits of a growing number of longer-living people in retirement. Yet across 'Old Europe' workers are taking to the streets to protect their most highly prized perk - the right to retire, often early, on a generous government-guaranteed pension. Secondly there will need to be large population shifts into better-off countries. The immigrants will need the jobs and the richer countries will need the workers. So encouraging the orderly, legal migration of labour from poorer to richer countries will be imperative in the coming decades. To oppose this will be long-term economic suicide. Yet that is exactly what the wealthier countries of Europe are now doing. Apparently the fear of Polish plumbers stealing their jobs was a big reason why France rejected the EU constitution last spring. For once the British have got something right by opening our labour market to new EU members. Since May 2004 230,000 East Europeans have registered to work in this country. And they work very well - as maids, waiters, kitchen staff, cleaners, farmhands but also as doctors, dentists and circus performers. Together they have added some £500 million to the economy, without seeming to affect the unemployment figures in any

way or straining the social security system. In the Earls Court Road where I live English is hardly spoken, and supermarkets in Hammersmith are stocking up with smoked fish, sauerkraut, Polish beer and *pierogi*. Even the Daily Mail has noticed, quoting a Scottish employer as saying 'The Poles are terrific people and tend to work a lot harder than the Scots'.

But the picture is still very different in the less developed world - Africa, Asia and South America. Almost all the growth in population will take place in these countries and they are poor enough already. Pressure will increase on land, food and particularly water. Malthus believed that only misery, moral restraint and vice (by which he meant contraception) could check excessive population growth. Where the developing world is concerned it must be said that 'misery' is playing the greater part. We all know the famous passage in *Leviathan* where Thomas Hobbes speaks of the life of man in a state of nature as 'solitary, poor, nasty, brutish and short.' A baby born today in Zambia can expect to live for 32 years, compared with 82 in Japan.

The regulators

Which brings us back to Malthus and his notion of the 'regulators' - plague, famine and war - still the great curses of mankind. Between them they kill a child in Africa every three seconds. We know about **plague** all right. In 1348 the Black Death wiped out a third of the population of Europe. In 1665 the Great Plague killed off one seventh of all Londoners. The Spanish flu' of 1918-19 killed more people than the Great War. In the last dozen years we have seen cholera in Peru (1991), plague in India (1994), Ebola in Zaïre (1995), Rift Valley Fever (1998) and our own special contribution of Mad Cow Disease. Now bird flu' from China has killed a Parrot in Essex and is pausing only to mutate into a pandemic that will kill us by the tens of thousands.

Meanwhile today's main killers are AIDS, malaria and TB. Roughly 30 million people are infected with **AIDS**, the vast majority in poor countries. In Africa it is expected to kill half of all 15 year olds and is already taking a huge toll of young professional people. In

Zimbabwe a child dies of AIDS every 15 minutes and, partly for this reason, life expectancy has dropped over the past 15 years from 61 to 34. But AIDS can be checked, by a programme of education and testing, while anti-retroviral drugs can transform it from an acute lethal condition to a chronic complaint (and their price has fallen dramatically). There is a big international programme to get more people on to this therapy, with \$27 billion on offer over the next two years, but more is needed, as are nurses and counsellors. And people have to stay on the drugs for the rest of their lives.

Malaria kills a million people a year, mostly in Africa, most of them young children, infects 500 million more and costs the African economy \$12bn. a year. In 80% of cases quinine-based remedies no longer work. A Chinese herbal remedy, made from Sweet Wormwood (*Artemisia annua*), has been known as a cure for piles since 168 BC. Thirty years ago an extract called *artemisinin* was found to work wonderfully well against malaria, with a success rate of 98%, but it costs 10 to 20 times as much as quinine. The World Health Organisation (WHO) is now promoting it and 33 African countries have officially taken it up. Treated nets and indoor spraying also help. International donors are giving about \$600 million a year and there are pledges or more money from the USA, the G8, the World Bank and the Bill Gates Foundation.

Tuberculosis, once thought of as a problem solved, is now killing 5000 people a day, nearly all in underdeveloped countries, and is increasing. The cure, known for decades, involves taking 4-6 pills a day for eight months, 'directly observed' by a counsellor. It has turned the tide in China, India, Vietnam and Peru. But only one third of all people with TB are being treated. And shortage of money has cut the percentage of children in developing countries vaccinated against **diphtheria, whooping cough, tetanus, TB and measles** from 70% ten years ago to 56% today. (Give Bill Gates his due: the Vaccine Fund he set up with a \$750m. donation really is turning this problem around).

There is a close connection between disease on the one hand and poverty on the other. According to the WHO 90 percent of the disease

burden is carried by the developing world. Poverty breeds ill health and ill health perpetuates poverty. But the good news is that in low-income countries as a whole, over the past 40 years, life expectancy has almost doubled and infant mortality roughly halved, as incomes have risen and education has become more widely available. Smallpox has been eradicated and leprosy almost so. Polio was nearly wiped out, but then an Islamic doctor in Nigeria, Ibrahim Datti Ahmed, announced that the vaccination campaign was an American plot to make the people sterile. As a result there have been several outbreaks in Nigeria and it has spread to 15 other countries – heartbreaking.

Which brings us to our next regulator - **Famine**. We see it only too often on our television screens. According to the World Food Programme some 840 million people in the world are undernourished. Hunger and malnutrition kill 10 million every year - more than AIDS, Malaria and TB combined. In Zimbabwe half the population needs food aid this year. In Niger, Mali and Burkina Faso some five million are in need following miserable harvests due to locusts and drought, due in part to climate change. In Malawi alone some 5 million are at risk of starving to death. Lesotho and Swaziland are also badly hit. In Bangladesh (half of which goes under water) the number is much the same. In North Korea the World Food Programme has been helping to feed 6.5 million people, so long as the government will let it. In Afghanistan about 70% of the people need help.

Why does this happen? Civil wars have pushed people off the land. In Liberia, Sierra Leone and Angola millions of people are coming home only to find their farms destroyed, livestock gone, fields sown with landmines and no infrastructure or jobs to tide them over. Governments in many poor countries haven't helped, favouring urban over rural populations, and under-investing in roads and irrigation projects. Meanwhile the volume of food aid has been falling, as has the proportion of aid dedicated to farm development. And yet, like disease, hunger can be managed. In the world as a whole during the past 25 years, despite the increase in population, calorie supplies *per capita* have risen by nearly 30% and the price of foodstuffs more than halved. Senegal, Mali and Niger reached self-sufficiency in food production during the past few years by building a system of small

dams and reservoirs, raising yields by 20 percent. Vietnam more than doubled its output of rice, chickens and pork between 1987 and 2000 by giving peasants secure tenure over the land and freedom to sell their crops at a profit. The world now produces enough food to cater for everyone at 2,700 calories a head and about 80 percent of the world's undernourished children live in countries with food surpluses. (In passing, it is painful to learn that, according to the Worldwatch Institute, the number of overweight people is now equal to those who are underfed. In America 27 percent of men and 34 percent of women are said to be clinically obese. The US surgeon general has said that obesity will soon overtake tobacco as the leading cause of preventable deaths in America.) So the need is to get food distributed properly.

The Nobel Prize winner for economics in 1998 was Amartya Sen, Master of Trinity College, Cambridge and a native of West Bengal. In an article he wrote that year he said:

"One of the remarkable facts in the terrible history of famine is that no substantial famine has ever occurred in a country with a democratic form of government and a relatively free press. Famines have occurred in ancient kingdoms and in contemporary authoritarian societies, in primitive tribal communities and in modern technocratic dictatorships, in colonial economies run by imperialists from the north and in newly independent countries of the south run by despotic national leaders or by intolerant single parties. But famines have never affected any country that is independent, that goes to elections regularly, that has opposition parties to voice criticisms, that permits newspapers to report freely and to question the wisdom of government policies without extensive censorship. ... The lack of a free system of news distribution can even mislead a government itself."

His thesis has become famous. It is one of the best justifications for good governance that I have ever heard.

War is my trade and I must not bore you with it but it has to be mentioned. By war I mean open armed conflict, involving centrally organised forces and with some continuity of fighting. A century ago most conflicts were between nations and 90% of casualties were soldiers.

Today almost all wars are civil wars and 90% of the casualties are civilians. Since 1990 we are told that there have been 120 wars, involving 70 states, killing on average a million people a year. Most of these wars are fought with relatively primitive weapons - machetes, bows and arrows or the ubiquitous AK-47s - and they go on and on. More than half of them have lasted for over five years, a quarter of them for over twenty. All but ten of these wars have been internal and in recent decades about one quarter of all countries has suffered some form of internal conflict or insurgency. What has it all been about?

The most striking common factor among war-prone countries is poverty. Rich countries almost never suffer from civil war, and middle income countries rarely. The poorest one sixth of humanity endures four fifths of the world's civil wars. The best predictors of conflict are low average incomes, low growth and a high dependence on exports of primary products such as oil or diamonds. The risk of conflict declines steadily as national incomes increase. [Vufoil 3] Why? Poor countries are more likely to have weak governments, making it easier for would-be rebels to grab land and vital resources. Scarcity can provoke conflicts between social groups, as in Darfur, in the wake of diminishing rainfall. Poor farmers who lack basic infrastructure like roads and irrigation may turn in desperation to narcotics: growing poppy in Afghanistan or coca in the Andes. Many slums are then controlled by gangs of drug traffickers and traders, who create a vicious cycle of insecurity and poverty. The lack of viable options other than criminal activity creates the seedbed of instability - and increases the potential for violence.

Possession of natural resources makes the problems worse, because corruption increases and leaders can grow rich without bothering to foster other kinds of economic activity. Although rebellions almost always begin for political reasons, keeping them going needs cash. Alluvial diamonds financed rebel groups in Angola and Sierra Leone. Illegal logging paid for fighting in Liberia and Cambodia. In the Congo half a dozen national armies and countless rebel groups fought over some of the world's richest deposits of gold, cobalt, diamonds and coltan. While rebellions seldom begin as criminal business ventures they can often mutate into them and their leaders grow fabulously rich. Savimbi became a billionaire.

War creates a vicious circle. When rebel groups start to make money they attract greedy leaders. Meanwhile war makes it harder for peaceful people to make a living. No one wants to build factories in war zones. So while poverty fosters war, likewise war impoverishes. And the damage persists. Skills and capital don't flow in because people do not trust the peace. And tragically, half of newly peaceful countries do revert to war within a decade. (The risk falls the longer the peace lasts). War also nurtures diseases like malaria, and rampaging armies are efficient distributors of AIDS. Finally, besides scattering refugees and spreading disease, civil wars often disrupt trade across whole regions.

But here also there is good news. Groups that track such things indicate a steady decline over the past ten years in the number of wars in the third world. (Vufoil 4). According to the United Nations Department of Peacekeeping Operations the world is at a hundred year low in terms of people being killed in battle.

Some examples. In Burundi some 200,000 people have died in a ten-year civil war. Now, with help from the United Nations, a constitution has been approved, an election held, a democratically elected president sworn in and power is being transferred. Peacekeeping troops are staying to oversee disarmament and demobilisation. The civil war in Liberia killed a similar number. The country has just held a successful election. Peacekeepers from Nigeria, Pakistan and the Ukraine will stay another year. More than 100,000 fighters have been demobilised. In Sierra Leone and East Timor peacekeepers are going home, their work finished. Some are heading to the Sudan, to help with the peace agreement to end a twenty-year war that left two million dead. The agreement seems to be holding despite the death of John Garang, leader of the southern rebels throughout that time. (Darfur is a separate issue. It is quite awful and seems to be getting no better. It deserves a lecture on its own). In Afghanistan a parliamentary election of sorts has just taken place, with little interference from the Taleban, which if not exactly free and fair will probably be deemed acceptable by international observers. Congo is preparing for national elections and militia groups are on the run after some remarkably robust action by UN peacekeepers. Haiti is moving towards re-establishing a democratic government. As I said just

now, any of these places could relapse and the last three are particularly dodgy - but even in those places there is real hope.

What has led to this wider trend away from war? One reason is the economic growth that has lifted much of East and South Asia out of the vicious circle that I mentioned. Another is that we are getting better at dealing with the problem. The outside world can help by limiting the money that the warlords get from plundering natural resources - as with the 'blood diamonds' that pay for West Africa's wars. We can also help with mediation and treaty negotiations, as Nelson Mandela did to great effect in Burundi. And when there is an agreement we can send peacekeepers to provide transitional security and help to disarm the former fighters. We can help with setting up elections, devising constitutions and providing humanitarian and economic aid. The number of UN peacekeepers (soldiers and police) in action has risen fourfold in the past five years. The total is now about 67,000, drawn from 103 countries, at a cost of just under \$4bn. a year. They are deployed on 17 operations, eight of them in Africa. NATO has some 30,000 troops deployed in Kosovo and Afghanistan and is raising a new rapid Response Force. The EU has nearly 7000 troops in Bosnia/Herzegovina, and is also working up plans for a pool of rapid reaction units. Kofi Annan is asking for a further 30,000 UN peacekeeping troops to be deployed into the Congo, Haiti and the Sudan. And there are plans for the G8 to train 75,000 peacekeepers from Africa for operations on that continent. Also there has been a shift in peacekeeping methods. UN peacekeepers are now taking proactive, offensive, pre-emptive action against threats. In the Congo, for example, tanks are being used as well as armoured personnel carriers, attack helicopters, mortars and rocket-propelled grenade launchers, along with 'cordon and search' operations. And similar forceful action was taken in July 2005 by UN Peacekeepers in Haiti.

A final point on intervention. Whatever one may think about multilateralism, like it or not America is still the world's indispensable power. It can create avoidable crises by plunging into poorly planned wars of choice as in Iraq. Or it can intervene as leader of a coalition to create relatively benign outcomes, as in the first Gulf war, Bosnia and, most people would say, Kosovo. It is impossible to resolve a major world crisis without the active help of the United

States. But their proper job is one of board chairman, requiring persuasion, creation of consensus and discreet flexing of power as well as popular acceptance. Meanwhile the problem of reforming the UN to respond better to catastrophes like Rwanda, Srebreniça and Darfur is screaming to be tackled. After much groundwork a resolution was passed at the recent UN Summit in New York that was a good as one could have hoped for. In typical UN speak it said: 'We are prepared to take collective action, in a timely and decisive manner, through the Security Council, in accordance with the UN Charter, including Chapter VII (that is the one dealing with the use of military force under the rubric of 'all necessary means'), on a case by case basis and in cooperation with the relevant regional authorities as appropriate, should peaceful means be inadequate and [now we get to it] (should) national authorities (be) manifestly failing to protect their populations from genocide, war crimes, ethnic cleansing and crimes against humanity'. Jack Straw, at the Labour Party Conference, promised to ensure that what he called these 'fine words' are 'translated into collective action'. Bravo!

Terrorism

Every year in April the US State Department publishes an official report on patterns of Global Terrorism, setting out in detail the tally of terrorist attacks for the previous year. In the report for 2004 the vast majority of killings were in the Middle East (2,600), South Asia (870), Eastern Europe (540) and Africa (390). [Vufoil 5] Numbers killed in the rest of Asia, Latin America and Western Europe were comparatively small (200 or less in each). There were no deaths in North America. The numbers killed world-wide came to 4965, rather fewer than those killed in the UK that year by accidental falls.

Before 11th September 2001 none of this would have aroused much notice, being regarded as the normal toll from civil insurrection and separatist violence. After September 2001 it was given global significance and had a startling psychological effect. In 2002 thousands of New Yorkers, acting on federal government warnings, stocked rooms with provisions, water and gas masks and sealed them with tape against a prolonged siege by terrorists. President Bush repeatedly conflated the 'war against terrorism' with the conquest of Iraq. In defending the

rationale for that war at the General Assembly of the United Nations on 22nd September 2003 he suggested that the world might need to act pre-emptively to prevent acts by terrorists equipped with nuclear, biological or chemical weapons. Such attacks, he said could bring ‘suffering on a scale we could scarcely imagine’. The countries of the world ‘must stop these great threats before they arrive’. One can hardly blame the New York writer who said that only after the fall of Baghdad did he feel himself secure from being blown to bits by a terrorist bomb in Times Square. Yet the American and British governments had no evidence whatever linking the former Iraqi regime with the 9/11 attack. As the columnist William Pfaff pointed out, Americans felt themselves to be exposed to a degree of personal risk that had no virtually no basis in statistics, or indeed common sense.

It is difficult to think clearly about this problem, because we are not used to anything quite so irrational. We are used to dealing with groups that have negotiable aims, like the IRA. But we now have these incorrigible groups, with non-negotiable aims, enemies of Western civilization as a whole like al-Qa’ida. Social injustice, poverty, unemployment and political repression that leave millions dispossessed, provide fertile breeding grounds for militant groups but are not in themselves the prime causes. Nor indeed is religion, though is a dismal truth that today almost all terrorists seem to be Muslims. The attackers of the school at Beslan, of Nepalese workers in Iraq, of residential blocks in Riyadh and Khobar, of the Super-Ferry in the Philippines, of the Russian aircraft, of the trains in Madrid not to mention 9/11 were all Muslims. A senior Egyptian cleric, Sheik Yusuf al-Qaradawi, has issued a *fatwa* calling for the killing of American and foreign ‘occupiers’ in Iraq, military or civilian. But none of this the authentic face of Islam. What we are seeing in Afghanistan, Iraq, Palestine and Chechnya is terror in the service of religion, but harnessed to the cause of nationalism. The most deadly attacks, like Beslan, Madrid and the Philippines ferry were committed by local groups, perhaps linked in some way to al-Qa’ida or inspired by them.

By invading Iraq Bush made a gift of Iraqi nationalism to the Islamic fundamentalists. Without nationalism, the fundamentalist cause is weak. The aim of its *jihad*, based on the way in which its intellectuals

interpret their sacred texts, is to recreate an idealized notion of medieval Islamic society. Recovering a Golden Age is an idea that recurs in weak societies suffering crises of development. A group of people, usually young, often Western-educated and from privileged backgrounds, undergoes a puritan reaction against the dominant materialism, moral disorder, licentiousness and abuse of power it sees in the west. About 75 per cent of anti-Western terrorists have come from middle-class homes and a similar proportion from professional or semi-professional jobs, particularly in science or engineering. Young Muslims, mobilized to fight Russian aggression in Afghanistan, moved on to fight corruption and heresy in Egypt, Algeria, Bosnia. The people, however, did not follow them. Just as in Europe, the radicalised young believed that ordinary people were ready for revolution - and they were wrong. When the people won't follow, the next step for the radical, in the Islamic world as in Europe, is violence. Terrible acts are done to awaken Muslims to the truth, terrify enemies by invoking God's liberating wrath, and provoke governments into over-reacting and so losing legitimacy and popular support. Fundamentalism and nationalism were parallel forces in the Middle East long before the *jihadis* from Afghanistan came home. Even before Israel was created nationalism, coupled with religious fervour, drove the Zionist campaign of terror against the British. Palestinian terrorism has been part of the war against Israel ever since.

In March 2004 the police arrested eight British Muslims of Pakistani descent and seized half a ton of ammonium nitrate. In August 2004 they arrested eight more. All sixteen were charged with offences to do with terrorism. So the question about a jihadist attack on London was not so much 'whether' as 'when'? On 7th July we learned the answer: by way of synchronised suicide bombings in classic al-Qa'ida style. British citizens had carried out suicide bombings before, but never in the UK. So this came as a nasty shock, particularly for Londoners. But it followed exactly the general pattern I have been describing. Mohammed Siddique Khan, for example, was 30 years old, married, with a young daughter, working as a teaching assistant at a primary school in Leeds, particularly good with both pupils and parents, and generally regarded as a 'very nice man'. He detonated enough explosive on a Circle Line train to kill seven people. Young Muslims like him, born and bred in England, feel suffocated by their parents' backward, rural South Asian culture. They

are equally revolted by the British sub-culture of booze, tattoos and pit bull terriers - not to mention mob warfare between white, Asian and Afro-Caribbean gangs. Turning to religion they tire quickly of their parents' version of Islam, and fairly soon of the more rigid orthodox Deobandi school. They find the Imams narrow, having little English, knowing nothing of the moral maze young westernised Muslims find themselves in and equally ignorant of politics. For these young men Islam is all about politics, driven often by hatred over Kashmir and Iraq. They find their way to an extreme form of Islam via bookshops, university societies and the Internet. The London conspirators, hailing from Leeds and radicalised in Britain, seem to have come together spontaneously, used bomb recipes copied from the internet, and carried out the attacks largely on their own. For those of a certain bent there is pride in becoming a suicide bomber. Once in the team there is an spirit of 'ecstatic camaraderie'. The CCTV pictures of the London bombers show them smiling, like a group of young friends going on holiday.

Let's look on the bright side. In Algeria in 1992 the army stepped in to prevent Islamic parties from winning a democratic election. A violent insurgency followed claiming 100,000 lives over the next seven years and thousands unaccounted for. Hundreds of journalists, artists and writers were killed as well as more than 150 Imams. According to the Archbishop of Algiers, this clash of civilisations was resolved by dialogue. 'Society resisted and defeated the extremist interpretation. It is trying with difficulty to re-establish civil concord among the currents of thought because it knows there is no other way'. By 2000 the worst of the violence was over. The Islamist parties had either tacitly abandoned the ideal of an Islamic state or reconciled it with democratic principles. They no longer advocate fundamentalist positions on Islamic law and have begun to accept equality of the sexes, including women's right to work outside the home and take part in public life. Fundamentalism is now confined to one particular sect called 'Salafiyya', and armed rebellion reduced to their *jihadi* wing (a few hundreds strong). This means that constructive debate on reform between the main political groupings - including Islamists - has now become possible. With the improved security situation, the army has acknowledged that it must withdraw from its dominant political position. The re-election of President Bouteflika in April 2004 was peaceful and relatively free and the army stayed in the

background. His Charter for Peace and National Reconciliation is aimed at bringing the civil war to a formal end, compensating victims and offering an amnesty to many of those jailed for the killings (but not if found guilty of massacres, rapes and bombings in public places). It was put to a referendum last month and was seemingly approved by a majority of 97%.

The attack on poverty

‘Over the long run, the spread of democracy, and social and economic reform ... should promote political, economic and social conditions inhospitable to terrorist exploitation.’ Those words are taken from the American official report on terrorism published last April. So for the rest of this talk I will come back to the original theme: that if we are to rid the earth of terrorism, as of war, hunger and disease, the real - and you would think feasible - goal is the attack upon poverty. Half the people on earth live on less than \$2 a day, a quarter on less than \$1.

But how to set about it in a world where up to a trillion dollars passes across the exchanges (almost literally at the push of a button) every day? This is what unsettles people about markets generally, that no one is in control. There is a positive side to this. From the early 1960s for thirty years the fastest growing and single richest region in Europe was North-Eastern Italy: Lombardy and the Veneto. Thousands of small and medium-size Italian businesses, family-owned, operating without state help and often paying no taxes, created a beehive of trading companies and manufacturing operations that became hugely successful. Specialising mainly in textiles, clothing and footwear they quietly made Italy the fifth richest industrial power in the world. These firms are small and flexible, 10,000 of them in the textile-to-fashion production chain alone, combining a flair for innovation in technology and design with a disdain for government. Romano Prodi, lately President of the European Commission, when he was Prime Minister of Italy drew an interesting analogy. ‘Italy’, he said, ‘is not a computer with a central brain. It’s like the Internet - everyone gives his contribution. If you give some basic rules and infrastructure for this system its performance will be unbelievable’. Or as Adam Smith famously remarked in 1775: ‘Little else is requisite to carry a state to the highest degrees of opulence from the lowest barbarism but peace, easy taxes, and tolerable administration of

justice.

Sadly North Italy is now wilting under competition from China, an ageing population, ballooning public debt and too much Berlusconi. But there are similar hot spots elsewhere. Shanghai, Singapore, Sydney, and Barcelona are examples of entrepreneurial city-states that act as their own strategic brokers on the global stage. The New York region, if ranked as an economic entity in its own right, comes 13th in the world, ahead of Australia or Russia. The down side is that large parts of the population, in these countries and in the world at large, are still bogged down in poverty. The fashionable way to describe this is that of the world's 6 billion people, one billion consume 80 per cent of all goods and services. Africa has a population just larger than Europe and the same Gross National Product as Belgium. South of the Sahara it contains 30 of the world's poorest 40 countries and for nearly twenty years output a head has been falling. Its share of world trade is around 2 percent and direct inward investment has sunk to a paltry \$11bn. a year. Compare this with a current debt burden of over \$300bn. The continent has great riches: oil, copper, diamonds, and the world's largest reserve of arable land - 2.5bn. acres - of which only a fifth is cultivated. But from the standpoint of world markets all this is irrelevant. By and large these African countries are superfluous. The rest of us do not need what they produce and they cannot buy what we sell. So is the world economy simply to shut these countries out? In Tony Blair's words 'this is a scar on the conscience of the world'.

The good news is that between 1980 and 2001 the proportion of people living in poverty in the developing world has fallen by half, from 40 percent to 21 percent. The IMF expects emerging market and developing countries as a whole to grow by 6.6% this year, and even sub-Saharan Africa by 5.8%, the fastest for 30 years. Life expectancy in developing countries has increased by 20 years during the past few decades while adult illiteracy has been halved to 25 percent. So we know that development aid can work. The challenge remains to find out how to make it work best and then scale up the effort.

Our Prime Minister has done his best this year as president of the EU and chairman of the G8 to make a real difference. The G8 Summit at

Gleneagles did two good things. If countries live up to their commitments then official development assistance to Africa will more than double by the year 2010, and 18 of the world's poorest countries will receive significantly more debt cancellation. These extra resources will be focussed, the G8 say, on 'low income countries that are committed to growth and poverty reduction, to democratic, accountable and transparent government, and to sound public financial management'. Of course they have to say that. But sadly some of the world's poorest countries are the worst governed, and they tend to fall through the net.

Think positive

Meanwhile the important thing is not to give way to pessimism. In 1970 the so-called Club of Rome published a report *Limits to Growth* saying global oil reserves amounted to 550 billion barrels. Jimmy Carter, preaching energy conservation as the moral equivalent to war, said 'We could use up all the proven reserves of oil in the entire world by the end of the next decade'. Sure enough between 1970 and 1990 the world used 600 billion barrels of oil. So that should have left us with minus 50 billion. In fact, by 1990, unexploited reserves stood at 900 billion barrels - more than 60% higher – and that is not counting the tar shales. The Club of Rome were equally wrong about natural gas, silver, tin, uranium, aluminium, copper, lead and zinc. They said finite resources of these materials were nearing exhaustion and prices would rise steeply. In every case, except tin, known reserves have actually risen, in some cases quadrupled.

As Julian Simon says, resources come out of people's minds more than out of the ground and air. Everything we use, be it food or oil or copper or clean water, can be made more abundant by applying ingenuity. By plant breeding we make land more productive. By drilling offshore we discover reserves of gas. By inventing fibre-optics we replace copper. The size of the resource depends on the technology used to exploit it. If a resource becomes scarce, its price rises and substitutes are quickly found. Oil was first drilled in the nineteenth century because whale oil was getting expensive. Coal was first mined industrially because in the sixteenth century the British iron industry was getting short of wood. Agriculture was invented in the Middle East 9000 years ago because wild game was getting scarce. Whales, woods and wild game may be renewable but they are far more easily exhausted than oil, coal or soil.

Conclusion

So what am I saying? ‘That all is for the best in the best of possible worlds’. With drugs, crime, and terrorism round our necks, that would hardly wash. Where Britain is concerned you would want to remind me that than one in five adults is 'functionally illiterate' which means they cannot understand the instructions on their pill bottles. Of the 20 most advanced countries Britain has the lowest number of doctors a head, the highest number of young prisoners and a rate of teen-age pregnancy exceeded only by the United States. The percentage of obese adults is growing faster here than anywhere else in Europe. Why is it that medical staff, along with teachers and priests, should feel themselves so much at risk from those for whom they care? Why is nursing now regarded as Britain's most dangerous profession?

But look again at the global statistics: deaths from hunger falling, medical treatment improving, age-corrected cancer mortality declining, air quality improving (almost everywhere), water standards improving in most rivers and lakes, the rate of loss of tropical rain forest falling rapidly, net loss of land to desert now officially zero, energy use per unit of GDP falling rapidly and so on. In Scotland there are now more trees than at any time since the 14th century. The economist Joseph Schumpeter once pointed out that in the early 19th century Malthus, along with two other giant intellects Mill and Ricardo, were all agreed that economic stagnation was imminent and that the law of diminishing returns was about to cramp progress for good. In fact they stood on the eve of a wave of progress that generated 10 times the population, twice the life expectancy and 100 times the wealth. A scientist called Matt Ridley, chairman of the group ‘International Centre for Life’ at Newcastle, has offered the following prediction for the next half-century:

“In 2050 the nine billion people in the world will have a far better living standard than today; large parts of Scotland and Brazil will be managed wilderness devoted to wild life and recreation; the air in Bangkok will be cleaner than today; most cars will run silently on hydrogen fuel cells; fossil fuels will be barely needed; GM crops will grow in butterfly-rich fields. Oh yes, and we will have dismantled every last wind turbine in Wales.”

So let's replace Voltaire's ironic optimism with something more like 'Most things are getting better most of the time, provided we choose to make them so'. How does this square with your own hopes and fears?