

Johannes Lütz

Opportunities for Global Poverty Reduction in the 21st Century

The Role of Policy Makers, Corporations, NGOs, and Individuals

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This book is dedicated to “my” World Vision sponsored child Melwie who lives in the Philippines. In March of 2006 I was afforded the joy of meeting him in his homeland. Although our brief time was limited to a few hours of savoring a hefty seafood lunch together, I will always remember this meeting.

*“Speak up for those who cannot speak for themselves,
for the rights of all who are destitute.
Speak up and judge fairly;
defend the rights of the poor and needy.”*

Proverbs 31:8-9, Holy Bible

REVIEWERS' PREVIEW

“In his dissertation Mr. Lütz has chosen to analyze ways to reduce poverty in the world. In contrast to the usual critical globalization debate, Mr. Lütz argues for an important role of corporations to fight poverty. For him, big *and* small are beautiful. This means that multinational companies as well as small companies can help to reduce poverty. Mr. Lütz discusses the poverty problem in a comprehensive approach. He combines the macroeconomic and microeconomic levels and discusses possible actions of different agents, especially policy makers, corporations, NGOs, and individuals. In the debate about poverty reduction, this approach is not common. Mr. Lütz managed to overcome boundaries of established thinking and in this way created something new.”

—Prof. Dr. Hansjörg Herr, Chief Reviewer
(Academic Director of the School of Labour Policies and Globalisation)

“This thesis is definitely an unusual one. Not only by its format. Johannes Lütz has delivered an opus with a more than challenging aim: display the opportunities of all men and institutions, regional and global, to fight human poverty. For this, the author exploited his own experiences and economic knowledge and interviewed experts from different areas, such as the German Minister Wiczorek-Zeul and University Lecturer Eileen Baldry from Australia. He demonstrated his ability to develop a clear story, full of interesting facts and numbers. His economic competence enabled him to draw compelling conclusions that show where the opportunities are. The thesis is based on excellent content.”

—Prof. Dr. Sven Ripsas, Co-Reviewer
(Director of the Institute of Management at the Berlin School of Economics)

“Opportunities for Global Poverty Reduction in the 21st Century presents the sobering reality of the world’s dire state of poverty. At the same time the book shines a hopeful ray of light on the path towards a poverty-free world. It is easy to follow and introduces views and ideas from key leaders and sectors in society pinpointing a myriad of opportunities which may be examined and pursued for the respect of human dignity and the betterment of the world. The book inspires empathy, hope, vision, and motivation. All leaders and laymen who cherish basic human values will be encouraged to take action in an endeavor to reach that grand goal which has never been more attainable than at the dawn of the 21st century: making poverty ‘history.’”

—Prof. Dr. Ulrich Trogele

*(North American Director for FMC Corporation and
Professor at the Berlin School of Economics in Germany)*

“Twenty years from now you will be more disappointed by the things that you didn’t do than by the ones you did do. So throw off the bowlines. Sail away from the safe harbor. Catch the trade winds in your sails. Explore. Dream. Discover.’ This famous invitation to ‘dream audaciously’ has been attributed to none other than Samuel Langhorne Clemens, better known as Mark Twain (1835-1910). One-hundred years later – in the early 21st century – another ‘audacious’ dream is presented to mankind: the dream of ending global poverty. *Opportunities for Global Poverty Reduction in the 21st Century* is an invitation to get on board, cast off, catch the trade winds, and discover new shores of human dignity, peace, and prosperity. Whether as politicians, corporate executives, aid workers, or individuals... I personally wish that the dream this book inspires will attract a widespread global following.”

—Dr. Shlomo Ben-Hur

(Chief Learning Officer DaimlerChrysler Financial Services AG)

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sonal encouragement to find such strong and able women at the helm of our fight against global poverty. Another prominent man whom I would like to thank is Dr. Shlomo Ben-Hur, Chief Learning Officer of Daimler-Chrysler Financial Services AG. A driver of integrity in his corporation, he stands tall as a leader with a 360-degree-vision.

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“Uncle” and “Auntie” Low and Tan (for the unacquainted: uncle/auntie is an expression of honor and deference) graciously opened their homes to me and accepted not so much as a moist handshake as “thanks” from me in return for my stay with them (despite debates). It is because of the generosity of people like them that I have hope we will win the fight against poverty. Thank you! The list goes on to include World Vision Singapore’s Executive Director Sim Cher Young and Communications Director Elaine Tan. Their spontaneous welcoming me into their World Vision family as an unknown “German stranger” enabled me to gain valuable insights into the workings of a modern NGO and has whet my appetite for “more of the same.” Thank you also for granting permission to depict the smiling faces of World Vision sponsored children on the cover. Their smiles are a living testimony to the power of child sponsorship to bring transformation to whole communities.

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Last but not least, I want to thank my family for their support throughout my MBA-season of which this thesis is the final product. Thank you, Karin, Dietmar, Gabriel, and Dorothee!

PREFACE

This book was initially submitted as a Master Thesis to the Institute of Management at the Berlin School of Economics in Germany on October 4, 2006. The first edition fulfilled all formal requirements of the Master of Business Administration (MBA) European-Asian Programme. This second edition has since been revised and expanded.

Although poverty in and of itself is a heavy and dark subject matter, I have chosen to clothe the contents of this book with the costume of a rather bright and colorful cover design. I have done this for two reasons. First, if poverty is the darkroom in which negatives are developed, then surely its reduction must be the open window that lets the glistening sun shine in. In this way I understand poverty reduction to be a happy cause, meriting joyful and enthusiastic involvement! Second, those of us who have lived in regions like Africa will have bathed our eyes in a “sea of smiles” – a continent of disarmingly and charmingly smiling children – with whose radiant smiles I wanted this book to be associated.

I would like to point out that, for the sake of simplicity, American English is used throughout this book and all amounts shown in \$ are US dollars unless otherwise indicated.

May this book make a lasting contribution to ending global poverty.

*Johannes M. Lütz
Berlin, Germany
March 2007*

INTRODUCTION

In today's globalized world, poverty is no longer beyond anyone's reach but has been shown to reside right at our doorstep. Indeed, the world has "shrunk" into a global village. Imagine: What would the distribution of wealth look like if the world had only 1,000 inhabitants? 150 villagers would live in rich neighborhoods, 780 in poor districts. About 200 people would own 86% of all the wealth, while roughly half the village would fight daily for survival, on less than \$2 per day. Fewer than 60 people would own a computer, only 24 could access the Internet, and over 500 would never have made or received a telephone call. The cited figures were released in 2000 by Kofi Annan in his book *We The Peoples – The Role of the United Nations in the 21st Century* (p 14). Meanwhile six years have gone by and – sadly – reality is just as dark: A recent UN study found that while the richest 2% own *half* the world's wealth, the world's poorest *half* own merely 1% of global wealth. [The richest 10% own 85% of global wealth.] (UNU-WIDER, 2006).

Much has been written about the subject of global poverty reduction, economic development, and the alleviation of suffering caused by extreme poverty. Rather than attempting to add ground-breaking new elements to an age old discussion, I have endeavored to research the matter in sufficient depth to yield a simple "workbook" that would bring lofty and usually complex issues "down to earth." Therefore, I am not writing as an economist. Others can do it (and have done so!) much better than I ever could. Nor am I writing as an expert on social development. Again others are better qualified to do that. I have, however, written this simple

book as a member of the human race who grew up in a country that has fallen through all the cracks and in 2004 was ranked as the poorest nation on earth: the beautiful West African coastal country of Sierra Leone (UNHDR 2004, p 142). After a grueling civil war lasting over ten years, during which I was evacuated from “my” Sierra Leonean town Lunsar before it was overrun and torched by rebels, this resource-rich nation continued its downward spiraling until it virtually hit rock-bottom. The most recent United Nations Human Development Report now ranks Sierra Leone as the second-least developed nation on earth (UNHDR 2006, p 286). This is according to the United Nations Human Development Index (HDI, Glossary) which offers a solid alternative to “income” as the summary measure of human well-being and development.

However, even if poverty is to be measured by income alone, the reality is just as bleak, with “poverty” defined as living on *less than \$2 per day* and “extreme poverty” as living on *less than \$1 per day*. Paul Wolfowitz, tenth President of the World Bank, estimates that there are “2.6 billion people around the world or nearly half the population of this planet who live on less than \$2 a day, the official definition of poverty.” (The UN Millennium Project puts the figure at 2.7 billion.) Wolfowitz then goes on to say that today “there are more than 1 billion people worldwide, living on less than a dollar a day, less than \$365 a year. It’s hard to imagine doing that in any country in the world; that is our definition of extreme poverty.” (Paul Wolfowitz addressing the International Corporate Governance Network (ICGN) Conference in Washington, D.C., July 2006.)

According to figures released by World Vision Germany, the number of people living on less than a dollar per day is even higher, estimated at 1.2 billion (Bangert, 2006, p 260). This figure is also used by the Federal Ministry for Economic Cooperation and Development in Germany (Bundesmin. für wirtsch. Zusammenarbeit und Entw., BMZ). Hence

roughly one in five people on earth live in *extreme* poverty, fighting daily for raw survival. These conditions that Wolfowitz finds “hard to imagine” are not only a smear on the face of human dignity, constituting a breach of basic human rights, they are also beyond words. It is almost impossible to conceive of the human suffering caused by extreme poverty.

When I happened upon this picture (below), captured by award-winning photojournalist Kevin Carter (1960-1994), I knew I had found a way to convey what words simply cannot transport. The photograph,¹ showing a starving Sudanese child being stalked by a vulture, won Mr. Carter the 1994 Pulitzer Prize for feature photography. It shocked the whole world. The little Sudanese girl is crawling to a United Nations food camp nearby. The vulture is waiting for the child to die so that it can eat her. Nobody knows what happened to the girl, including Mr. Carter himself, who left the scene after the photograph was taken. The reaction to the picture was so strong that *The New York Times* released an unusual



¹ *TheDigitalFilmmaker* and numerous other sources describe the story.

editor's note on the fate of the girl, quoting Mr. Carter as having said that the little girl resumed her trek to the feeding center and that he chased away the vulture. Months later, Mr. Carter committed suicide.

Other photographs that I came across during my research are so stark that I chose not to print them. One such sickening photo depicts a young boy, perhaps ten years old, searching for food in the anus of a cow. The picture is repulsive. Longing for some form of explanation about what could possibly drive a young boy to such a ghastly act of despair, the only conclusion I could arrive at was this: driven to utter desperation, a starving person will stop at nothing to remain alive and alleviate the searing pain of starvation. The human degradation can perhaps be likened in part to the conditions that prevailed in Nazi concentration camps. Dr. Viktor Frankl (1905-1997), the world-renowned Austrian scientist, neurologist, psychologist, and survivor of four Nazi concentration camps suffered indescribable pangs of hunger and agony at the hands of his tormentors in bestial concentration camps. His wife, father, mother and brother all died in camps or were sent to the gas ovens, so that, with the exception of his sister, his entire family perished in these camps. His description of daily and ceaseless pangs of violent hunger underscores the suffering that a famished person must experience if no relief ever arrives:

“Because of the high degree of undernourishment which the prisoners suffered, it was natural that the desire for food was the major primitive instinct around which mental life centered. ... When the last layers of subcutaneous fat had vanished, and we looked like skeletons disguised with skin and rags, we could watch our bodies beginning to devour themselves. The organism digested its own protein, and the muscles disappeared. Then the body had no powers or resistance left. One after another the members of the little community in our hut died. ... Those who have not gone through a similar experience can hardly conceive of the soul-destroying mental conflict and clashes of will power which a famished

man experiences. They can hardly grasp what it means to stand digging in a trench, listening only for the siren to announce 9:30 or 10:00 A.M. – the half-hour lunch interval – when bread would be rationed out (as long as it was available); repeatedly asking the foreman – if he wasn't a disagreeable fellow – what the time was; and tenderly touching a piece of bread in one's coat pocket, first stroking it with frozen gloveless fingers, then breaking off a crumb and putting it in one's mouth and finally, with the last bit of will power, pocketing it again, having promised oneself that morning to hold out till afternoon" (Frankl, 1985, pp 48-51).

Frankl's positive attitude in the face of such bestial suffering later led to both the writing of his best-selling book *Man's Search for Meaning* with millions of copies sold, as well as to the discovery of his revolutionary approach to psychotherapy known as logotherapy. His grandeur as a human being with an unbreakable will to live will be the renewed focus of attention at the conclusion of this book.

Lastly, let us remember that the year 2004 ended with a tragic event that demonstrated the destructive power of nature and the regenerative power of human compassion. The tsunami tidal wave that swept across the Indian Ocean left about 300,000 people dead. Millions more became homeless. Within days of the tsunami, one of the worst natural disasters in recent human history had given rise to the world's greatest international relief effort, showing what can be achieved through global solidarity when the international community commits itself to a great endeavor.

The tsunami was a highly visible, unpredictable and largely unpreventable tragedy. Other tragedies are less visible and yet are monotonously predictable and readily preventable. Every hour of every day more than 1,200 children die without the glare of media attention. This is equivalent to three tsunamis a month, every month, hitting the world's most vulnerable citizens – its children. The causes of death vary, but the

overwhelming majority can be traced to a single preventable pathology: poverty (UNHDR 2005, p 1).

Nazi internment effectively reduced Viktor Frankl to a mere “number” on a warden’s list which had to be correct. A man counted only because he had a prison number. Frankl makes clear that “what stood behind that number and that life mattered even less: the fate, the history, the name of the man” (Frankl, 1985, p 73).

In like manner, poverty must never be treated as a numbers game. While the statistics all have their rightful place in the global assessment of and fight against poverty, each of the 2.7 billion poor people who live on less than \$2 per day – or each of the 1.2 billion extremely poor people who live on less than \$1 per day – are more than a “number.” They each have a life and dignity worth preserving. The life they now live is the only shot they have. They deserve better.

The poor are real people, with real pain, and a real hope that someone somewhere somehow will do something (even anything!) to help them to change their plight.

When Senior Lecturer at UNSW’s *School of Social Work* Eileen Baldry wrote about disadvantaged Australian Aboriginal people, she coined a phrase that stuck. She states that they ought to be viewed “not just as legal but as *social* citizens” (Baldry, 2006, p 10). In other words, they are not just “numbers” on a spreadsheet but priceless and unique “individuals” of unfathomable value. May this simple book do its small share in pointing out *Opportunities* – both new and old – for *Global Poverty Reduction in the 21st Century*. May every member of the family – *Policy Makers, Corporations, NGOs, and Individuals* – live up to his or her unique role and responsibility and do his or her utmost to make poverty “history”! The following chapters will explore how.