

SUSTAINABLE DEVELOPMENT GOALS

Free regional trade could make every East African richer by \$200 a year

With one simple policy — more free trade — we could make the world \$500 trillion better off and lift 160 million people out of extreme poverty. If there is one question we have to ask ourselves, it is: Why don't we?

In 2000, the international community agreed to a set of important targets to improve the lot of the world's poorest by 2015, the Millennium Development Goals. Many of these goals were extremely successful in vital areas such as reducing poverty and hunger, but there is still much to be done. Through the UN, world leaders are now working on the next set of targets for 2015-2030. As the world will spend \$2.5 trillion just on development aid over that period, and countless trillions in national budgets, there are lots of contenders for these targets.

That is why the Copenhagen Consensus has asked some 60 of the world's top economists to look at the economic, social and environmental costs and benefits of many different targets, in areas like health, nutrition and education. These are all important but one issue is often missing. As argued in a new paper by Prof Kym Anderson of the University of Adelaide, reducing trade barriers not only makes the world richer, it is a great enabler for reducing poverty, curtailing hunger, improving health, and restoring the environment.

What it does best

Freer trade means that each country can focus on doing what it does best, making all countries better off. Big strides have been made in liberalisation since the Second World War, but the latest phase — the Doha Development Agenda — seems stalled, with



little hope of a resolution. This is dreadful, particularly for developing countries, because two of the main areas where agreement is elusive are agriculture and textiles, both sectors where lower wage countries in the tropics and sub-tropics have a comparative advantage.

A successful Doha round could get Africa better prices for agricultural produce and textile, which would make Africa richer. But more importantly, free trade will help Africa focus on what it does best, boosting growth as happened with China.

Analysis shows that there would be substantial rewards for completing the Doha round. The direct economic benefits would be a 1.1 per cent increase in global GDP. This sounds modest. But because it would impact the entire world economy, by 2030 we would be about \$1.5 trillion richer every year.

But open economies also grow faster. In the past 50 years,

A loaded truck leaving the Mombasa port. Free trade will help Africa focus on what it does best, boosting growth as happened with China.

Picture: Laban Walloga

COMMENTARY DR BJØRN LOMBORG

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countries as diverse as South Korea, Chile and India have seen their rate of growth shoot up by 1.5 per cent per annum on average, shortly after liberalisation. If Doha can be completed, it is estimated that the global economy will grow by an extra 0.6 per cent for the next few decades. By 2030, such dynamic growth would make the world economy \$11.5 trillion larger each year, leaving us 10 per cent more resources to fix all other problems.

And a large part of the benefit will go to the developing world, which by 2030 would see

its economy \$7 trillion larger each year. On average, this increased GDP is equivalent to \$1,000 more for every person in the developing world. For Kenya and Uganda, this would mean the average person could be making an extra \$250 and \$150 respectively, while an average Rwandan and Tanzanian would both be \$200 richer per year.

By the end of the century, free trade could leave our grandchildren 20 per cent better off, or with \$100 trillion more every year than they would otherwise have had.

For now, powerful vested interests make it hard for politicians to compromise. The jobs that are lost from free trade are obvious and concentrated — witness Western farmers protesting losing their subsidies. But the benefits are spread out — for example, food will be a bit cheaper for everyone, and Third World farmers will see greater profits.

Yet we need to keep a sense of proportion. There are real costs from free trade in terms of workers needing retraining and the provision of unemployment benefits. These outlays will occur mostly over the next decade and will cost \$100 billion-\$300 billion. But the benefits will accrue for at least the next nine decades, and total \$500 trillion in present day dollars. For every dollar spent, we will achieve more than \$3,000 of benefits.

And this will have huge impacts for the world's poor. We know that economic growth has been one of the major drivers of poverty reduction — China's rapid growth over the past 30 years has pulled 680 million people out of poverty, the most ever achieved in human history.

Yet we still have about 1.2 billion people living in abject poverty today. With future growth, this number will likely be reduced to a still chokingly high 700 million by 2030. But if we achieve freer trade through the Doha round, the faster growth could lift an extra 160 million people out of poverty by 2030.

It is worth stepping back and realising this amazing opportunity for the world. Yes, we should help in areas like food, education, health, and the environment. But if we could just get it right on free trade, we could possibly do more good here than anywhere else — leaving the world \$500 trillion better off, with 160 million fewer poor.

Dr. Bjørn Lomborg, an adjunct professor at the Copenhagen Business School, directs the Copenhagen Consensus Centre, ranking the smartest solutions to the world's biggest problems by cost-benefit. He is the author of The Sceptical Environmentalist and Cool It.



By 2020, the world's population aged 60 years and older is expected to reach two billion. Picture: File

Make 'ageing well' a global priority, urges new report

By **CHRISTABEL LIGAMI**
Special Correspondent

AS PEOPLE live longer, soaring levels of chronic illness and diminished wellbeing are poised to become a major global public health challenge and thus "ageing well" must be a global priority, according to a new series on health and ageing, published in *The Lancet*.

It warns that unless health systems find effective strategies to address the problems faced by an ageing world population, the growing burden of chronic disease will greatly affect the quality of life of older people.

The Lancet report indicates that worldwide, life expectancy of older people continues to rise. By 2020, the number of people aged 60 years and older will outnumber children younger than five years.

By 2050, the world's population aged 60 years and older is expected to total 2 billion, up from 841 million today. Eighty per cent of these older people will be living in low-income and middle-income countries.

The increase in longevity, especially in high-income countries, has been largely due to the decline in deaths from cardiovascular disease, mainly because of simple, cost-effective strategies to reduce tobacco

use and high blood pressure, and improved coverage and effectiveness of health intervention.

However, people are not necessarily healthier than before — nearly a quarter (23 per cent) of the overall global burden of death and illness is in people aged over 60, and much of this burden is attributable to long-term illness caused by diseases such as cancer, chronic respiratory diseases, heart disease, musculoskeletal diseases (such as arthritis and osteoporosis), and mental and neurological disorders.

This long-term burden of illness and diminished wellbeing affects patients, their families, health

systems, and economies, and is forecast to accelerate. For example, latest estimates indicate that the number of people with dementia is expected to rise from 44 million now, to 135 million by 2050.

"Deep and fundamental reforms of health and social care systems will be required," says John Beard, director of the Department of Ageing and Life Course at the World Health Organisation, and co-leader of the series.

"But we must be careful that these reforms do not reinforce the inequities that drive much of the poor health and functional limitation we see in older age."