



# **WHY ARE THE WORLD'S POOR STILL POOR ?**

**OR - if we have given developing countries all this aid, and some of their debts have been dropped, how come they are still poor?**



This leaflet is based on the detailed Oxfam Report *Rigged Rules and Double Standards*. It has been produced by John Moore, August 2004, but has been printed here by Redditch Trade Justice Network with his permission. Our thanks to John. Contact Redditch Trade Justice Network at 01527 595300 [noel.sharp@btinternet.com](mailto:noel.sharp@btinternet.com)

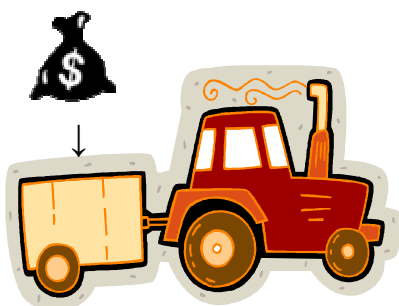
There are several reasons why the world's poor remain poor:

1. The present trade system.



Historically trade helped countries like Britain and more recently countries in the Far East to reduce their poverty. But when the poorest nations in the world try to do the same, rigged rules and double standards mean that they end up paying the rich countries TWICE as much money as they receive in aid.

2. Rich countries subsidise their farmers.



Farmers in rich countries receive \$1bn (£600m) EVERY DAY in government subsidies. So they can export goods to poor countries at a THIRD of what it really costs to produce them. So poor farmers can't compete and go out of business.

What could be done about this? Oxfam suggests:

- i) Banning subsidies on goods for export to poor countries.
- ii) Allowing poor countries to protect fledgling industries by restricting imports.

3. Poor countries have to pay taxes to sell to the rich ones.

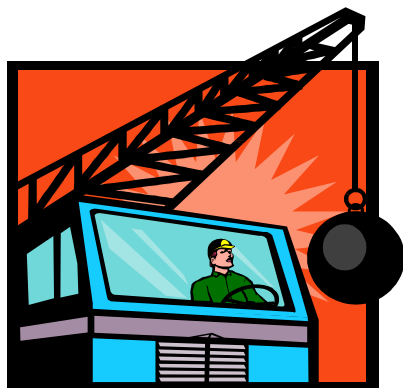


Rich countries charge up to four times more import tax (tariffs) on goods from poor countries than they charge on goods from rich nations. They are kinder to rich nations like the European Union and the USA because they can retaliate.

What could be done about this? Oxfam suggests that:

- i) Rich nations should reduce tariffs on imports from poor countries.
- ii) Rich countries should permit more textile and clothing imports.

4. While rich nations have high import taxes, poor nations are forced to cut theirs. These are *double standards*.



The countries who have overcome poverty most successfully have subsidised their industries and taxed imports. But the World Bank makes poor nations demolish import taxes and subsidies by refusing loans unless they do this.

What could be done about this? Oxfam suggests that:

- i) The World Bank and IMF loan conditions should cease.
- ii) All loans arranged for poor countries should be to their benefit.

5. What poor countries have to sell is earning them less than it was.



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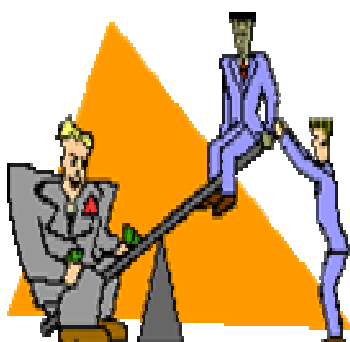
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Most poor countries only have basic commodities like crops and minerals to earn foreign currency. Recently there have been world surpluses of these commodities so their prices have plummeted.

What could be done about this? Oxfam suggests that:

- i) Commodity prices should be managed and kept above a minimum.
- ii) Big business should pay fair prices for commodities.

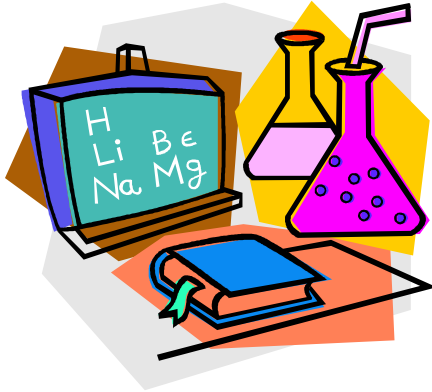
6. Rich countries say “big businesses investing in poor countries helps them to fight poverty”. It can, but it often doesn’t because....



Businesses which invest in poor countries often bypass local industries and local people aren’t given the new skills or access to the technologies they need to develop. Local employees, particularly women, often have low pay. Oxfam’s recommendations are on the next page.

- i) Oxfam says that rich countries' governments should make their big businesses invest more responsibly in developing countries.
- ii) Developing countries should enforce employment rights in line with those laid down by the International Labour Organisation.

**7. Multinational big businesses use patents to maintain monopolies and high prices.**



Because of the rigged rules of the World Trade Organisation (WTO), poor countries have to buy expensive patented products including medicines, and these cost them about £30bn a year more than unpatented equivalents. The cost is often beyond their means, so people die of preventable diseases.

- i) Oxfam says that people's health should take priority over patents.
- ii) The WTO should insist that patents last a shorter time when goods such as medicines are sold to developing countries.

**THE GOOD NEWS !**



**You can help to make trade work for the poor by:**

- **Lobbying your MP and the government to press for:**
  - A ban on subsidies for goods that are exported to poor countries.
  - Help to enable poor countries to negotiate effectively in the World Trade Organisation (WTO)
  - The dropping of all the debt owed by developing countries.
  - The WTO and governments to be open about their deals.
  - International laws to control big business and monopolies.
  - All governments to ensure that aid helps the poor.
  - All governments to tackle corruption wherever it exists.
- **Buying fairly traded goods and encouraging others to do so.**
- **Supporting the Trade Justice Movement by working with groups like Oxfam, MRDF, Christian Aid, CAFOD, Tearfund, and the World Development Movement.**