

Mouvement Militant Mauricien



EBAUCHE DU PROJET ECONOMIQUE ET SOCIAL DU MMM

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PREFACE

40 ans et déjà une histoire indélébile étroitement liée à la période post- indépendance de notre île.

40 années qui sollicitent une célébration digne d'un MMM qui a su défendre les causes nobles d'une société souvent en crise, mais voulant tout le temps progresser et se défaire des jougs oppresseurs bafouant les droits fondamentaux et autres aspirations légitimes de tout mauricien.

40 années d'idées, 40 années d'hommes et femmes audacieux et dévoués au progrès de notre pays... 40 années que nous célébrons avec fierté.

40 ans et toujours autant de responsabilité, sinon plus, face aux impulsions d'un monde constamment en mutation – une mutation qui nous confronte à un dynamique exponentiel de changement. L'ère des constantes est indéniablement révolue.

Confronté à ces nouveaux paramètres économiques, le MMM reste stoïque et le Parti le plus apte à construire l'avenir de notre île. Nous avons les hommes, anciens et nouveaux - expérience et dynamisme. Nous avons les idées mais surtout l'honnêteté d'en proposer une juste et suffisante mesure pouvant être efficacement implémentées : la Cyber cité d'Ébène, les IRS, le Seafood Hub, le Freeport, la SVICC et les zones touristiques sont les quelques récents succès qui témoignent de cette capacité.

La Commission Economique du MMM (CE) est donc fier de présenter ce document afin de 'célébrer le passé et construire l'avenir' du MMM et de notre île.

D'entrée, nous précisons que nous ne proposons pas un rapport stratégique complet mais plutôt une ébauche visant à susciter, au sein du MMM, un débat d'idées que nous espérons voir aboutir à l'élaboration d'un tel rapport. Notre présentation se veut donc philosophique voire même idéologique et notre démarche incitative dans le but d'engendrer un échange d'opinion.

INTRODUCTION

All economic policies are built upon a set of guiding principles which constitute the very core intention of the policy maker. We therefore assert, at the very outset, that the following three motives underpin all our policy formulations:-

1. Our economic action will engender wealth creation. Wealth is created through positive economic growth and the MMM only believes in a growth ‘à visage humain’ – a growth that is shared equitably. As a matter of fact, growth is sustainable if it is understood, accepted and equitably shared;
2. Our economic policy is to create growth even within a context of global turmoil. We contend that the growth registered in the past few years, are the result of planning and foresight of the MSM/MMM Government up to the year 2005. We further contend that present Government policies have not been forward looking and have not prepared our economy for the new challenges we have started to face. We are of the opinion that the world is on the brink of a major ‘crise de civilisation’ for which Mauritius is far from being prepared due to lack of foresight. We, therefore, commit ourselves to the important principle that we have to review all our economic strategies. We are at a major crossroad and because for us ‘gouverner c’est prévoir’, we need to **reinvent Mauritius** in order to cope with the present mutating time; and,
3. As always, we strongly maintain that there can be no sustainable growth without social cohesion.

With these guiding principles, we hereunder present an outline of our economic plan to the assembly for discussions.

THE PRESENT INTERNATIONAL SITUATION

The present economic and financial turmoil have triggered a multitude of passions and reactions worldwide. Their severe, abrupt and global attributes have pummelled the financial world with successive shock waves, each leaving indelible scars in our memories. Northern Rock, Lehman Brothers, Fannie Mae, Freddy Mac, AIG, Madoff are now names that our generation will sadly remember for a long time to come, each of them having marked clearly more aggressive government intervention in private institutions, thus highlighting a move towards a more regulated capitalism. In fact, dynamics are shifting and gratefully this time; for however the world recovers from the present crisis, the lessons we will draw from it will call for a reckoning of the inherent flaws the system had been carrying so far.

Optimists argue that the scale of the downturn caused by the crisis augurs for a strong rebound, as in America's post war recessions. Meanwhile, pessimists think that the downturn's origins favour a weak recovery or a double-dip. We note here that even the IMF, whilst acknowledging signs of recovery, admits that risks have moderated but they remain to the downside. IMF purports that *the risks to the outlook are still tilted to the downside, although tail risks have diminished noticeably. In advanced economies, rising unemployment and a loss of confidence in the stability of the financial sector (possibly resulting from a larger-than-anticipated wave of corporate bankruptcies) could put renewed downward pressure on asset prices and potentially trigger a deflationary episode. Moreover, rising questions about public debt sustainability in some countries could add to upward pressure on bond yields, with negative effects on the recovery of housing markets. Falling house prices are another important risk that could undermine confidence in bank capital bases. At the same time, a number of emerging economies remain quite vulnerable to intensified financial stress, with potential feedback effects on advanced economies. More generally, if higher unemployment and social discontent were to prompt governments to introduce trade and financial restrictions and roll back reforms to other sectors, there would be confidence and productivity would suffer. However, there are also some upside risks, including a larger-than-expected drop in risk aversion and stronger internal demand dynamics in some major emerging economies.*

Official figures now indicate that the world will contract by 1.3% in 2009, but just like nobody really saw the crisis coming, no one can now tell where it is heading. Our luckiest bet would be a confirmation of all the good signs of recovery and an optimistic V-shaped strong rebound or even a slower U-shaped reversal. However, when we know that this crisis emerged from the

derivatives markets, and when we analyse the figures therein, we cannot help but ask whether the derivatives' market collapse is yet to strike us with its worst shockwave!

Figures here are quite telling and dreadful. As of December 2007, the amount of outstanding derivatives worldwide crossed **USD 1.144 Quadrillion, i.e., USD 1,144 Trillion**. Whilst outstanding derivatives are notional amounts, they may become real should financial institutions holding or dealing in them go bankrupt, which is where the systemic risk to the global economic system and the financial markets lies. A scaling of these outstanding derivatives scares:

The GDP of the entire world is USD 50 trillion. The outstanding derivatives value of USD 1,144 trillion is **22 times** the GDP of the **whole world**. Moreover, the population of the whole planet is about 6 billion implying that the derivatives market alone represents about **USD 190,000** (i.e. around MUR 7 million) **per each person** living on the planet!

The **irony** of it all though is that this financial crisis, which has retained so much of our attention and breath, is just the tip of an iceberg. We remember it, may be because it has hit the western superpowers, or, may be because western media hammered us with all its mesmerising proportions and blatantly disturbing systemic breakdowns caused by too much laissez-faire, complacency or ego. We remember it because it struck us all by surprise. It disturbed us to envisage that maybe we were witnessing a shift in power towards Brazil, Russia, India and China (the BRICs), which we could not really assess as being good or bad. Yet, there is still the rest of the iceberg – the latent threats that are systematically concocting the collapse of our civilisation. And mind us all, there is no delusion here.

For centuries, we have been pursuing rapid growth by conquering lands and nations, by enslaving and indenturing labour, by depleting forests, fossil and marine resources, ozone and environment in a selfish and insatiable appetite. There is no limit to this pursuit of growth: it has become a mantra of “grow or perish”. For this reason, the world has become a single market for exploitation; the entire planet has become a giant market place for maximising profit and growth. Globalisation, trade liberalisation, privatisation of public services and infrastructure, ultra-liberal market ideology has become necessary to sustain growth. But resources are finite and Planet Earth has its limits. So, wars are engaged, technology and innovation are developed, outsourcing is undertaken, credit is created and massive financial leveraging is allowed to fuel growth. It looks like that the unavoidable day of reckoning has come and the whole system is about to collapse.

This year, the world almost went into a major food crisis. The nature of this crisis was quite enlightening. Food produces, mainly grains, became targeted by fuel (ethanol) producing ventures. Food prices shot up and food suppliers obviously went for the money. Higher food prices implied lesser food aids, shifts in supply patterns and incapacity of poorer nations to sustain their food requirements. For some time now, the world's oil resources are depleting so that we need to develop alternative sustainable sources of energy. We remain dangerously at the mercy of a handful of oil producing countries, which have been all too happy to see oil prices shooting up to their astronomical heights of USD 140+ per barrel. Should we decide to shift away from oil to ethanol, pressures on food prices will again drive up food costs. Moreover, climatic conditions are changing as a result of our overconsumption of natural resources and the release of too much greenhouse gases in the atmosphere. Temperature changes will affect energy consumptions and food crops. Rising sea levels will influence tourism whilst the change in sea water temperature may disturb our marine ecosystem and consequentially, our food chain. And to add insult to injury, mankind has never really been at peace with itself. Many armed conflicts are being fought every day, peoples are being oppressed, racial discrimination is causing death, drug trafficking has become a global industry and is now complemented by organs and arms trafficking, democracies are being baffled, corruption is rising, nuclear armament is still proliferating, wealth distribution is getting more skewed and poverty and hunger are still left unresolved. Mother Nature is now claiming its own share of threats. The recent Asian tsunamis still plague our minds, as do AIDS and Hepatitis B and we are yet to win the battle against swine flu. Unfortunately, the sickening fact about civilisation is that we are confronted with new challenges every day but are unable to eliminate our old plagues. **Annexure 1** enumerates just a few of the hundreds of statistical evidences of this civilisation crisis. To complicate matters, the present crisis has now cast major doubts, even on our ability to understand and 'discover' those plagues.

Confronted with such disturbing realities, it appears all so justified for us to pose the following:

1. **WHAT IF** we were at the moment standing right in the middle of the eye of the financial cyclone and that we were yet to be swept away by deeper financial cancers. The size of the derivative markets compared to the world's output is a telling fact – a menace, so far, only mildly boiling and yet to erupt!
2. **WHAT IF** bail-outs, liquidity injections or quantitative easing, stimulus packages were not the saviours of the system. Surely, we cannot save a debt-driven crisis by more debt. We

cannot stimulate failed economies with extravagant spending. So it cannot be business as usual.

3. **WHAT IF**, we were now in the midst of a meltdown which has taken centuries to come to this aggravation with far-reaching consequences. This could be the end of a model of civilization, facilitated by moral degeneration. It would now be time to engender a complete shift in thinking that refuses the return to “business as usual” but addresses the root causes of an anarchic system that has come to ruin; a system that has brought a civilisation crisis.
4. **WHAT IF** the dollar, and/or any other major reserve currency, were to collapse thus depleting the reserves of a number of now safe developing nations pushing them to a state of financial collapse and poverty.

We obviously hope for these scenarios not to happen. Yet, because nobody exactly knows where things are heading, it may be that disaster is yet to hit. Amidst such overwhelming uncertainties, the MMM sees no alternative than to formulate policies strictly according to a strategy to ‘plan for the worst and hope for the best’ wherein, the adage ‘gouverner, c’est prévoir’, carries its full weight.

THE MAURITIAN MACRO-ECONOMIC CONTEXT

On first September 2009, the CSO released second quarter statistics for external trade. Their conclusion is that our trade deficit, the difference between our exports and imports of goods, will be around MUR 50 billion. This forecast embodies one of the real issues facing our economy. We are a small open economy, highly dependent on exports and consequentially, on the well being of our trading partners. Our partners have been and are yet to be in serious turmoil. This is cause for concern, the more so that the two service industries, namely tourism and financial services that partly compensate for this deficit, have both registered negative growths so far! Likewise, the country is facing a number of imminent crises namely, an energy crisis, a food crisis, a debt crisis, a crisis in law and order, a health crisis and, consequently, a major social collapse. For a long time, Government has been in denial of these facts; we only heard about early harvests, bumper crops and resilience until their shameless u-turn came along and they applied a stimulus package which, in itself, was mostly a rewrap of previously announced, unimplemented and reallocated budgetary measures! They described the legacies we left them as skeletons, but soon and quite surreptitiously, the same skeletons turned out to be their saviours - the pillars of their resilience.

The MMM can boast to have a comprehensive understanding of the economic situation prevailing in Mauritius. Our CE has gone further than just observing: we have made forecasts and we have suggested solutions. Never has any opposition dared to go this far. And today, we are proud to maintain our forecasts on growth, trade deficits and unemployment and to appreciate the correctness of our suggestions which, unfortunately, have been lamentably ignored.

RESILIENCE

With the prevailing world conditions, our economy could be in a recession but, instead, official CSO forecasts indicate that we will end the year with approximately 2.5% growth, a 7% inflation rate, healthy foreign reserves level and an 8% unemployment rate! Already though, we note that the official forecasts are not far off our double digit unemployment forecasts! And we further firmly assert that, the results on growth and reserves are incidental upon:

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- a. The enlargement of the economic base by us between 2000 and 2005 when we created new alleys for growth. ICT, IRS, Tourist zoning schemes and the sea food hub are all our legacies that have today become THE engines of growth;
 - b. The textile restructure which had been well under way;
 - c. The world recession which has resulted in lower imported inflation;
 - d. The cumulated wealth of tourist operators which have cushioned the shocks of a receding tourist market hit by recession wherefrom the success to maintain employment in the sector. This cumulated wealth has indeed enabled tourists operators to lower price and maintain occupancy;
 - e. Our conservative banking system;
 - f. The successful transition of the sugar industry accompanied by its substantial training programmes which have added flexibility to the labour force and to the industry with new doors opened on energy production and diversification;
 - g. The success of ICT and the Cybercity which have been centres for growth and employment creation and not the 'léléfan blanc' or 'squelettes dans placard' as labelled;
 - h. Government borrowing, IRS acquisitions and EU assistance which have supported our foreign reserves.

In short, the wealth of the country, its enlarged economic base and a formerly completed restructuring of the sugar and textiles industry have absorbed shocks and created resilience. Also of importance is the flexibility inducted by the new and restructured industries in the economy and their enabling of a new aggressive, modern and forward-looking temperament of the Mauritian population. Save for textiles and tourism where there will be contractions, all other sectors will witness a slowdown in their growth levels compared to 2008. The most drastic slowdown will be in construction where growth rate will decline to 2% in 2009 from 11% in 2008. Sadly, a growth rate of 2.5% cannot sustain social cohesion and low unemployment without Government awareness and assistance and hence, additional draw down of public finances.

THE COST OF RESILIENCE

It is a known fact that policy makers have willingly hidden from us the flaws of our economic model. Progress and resilience having actually been built in the past (between 2000 and 2005), policies needed only to surf the wave and weather the storm. Yet policies have been ultra liberal opening up doors to accentuated government debts and deficits characterised by waste and

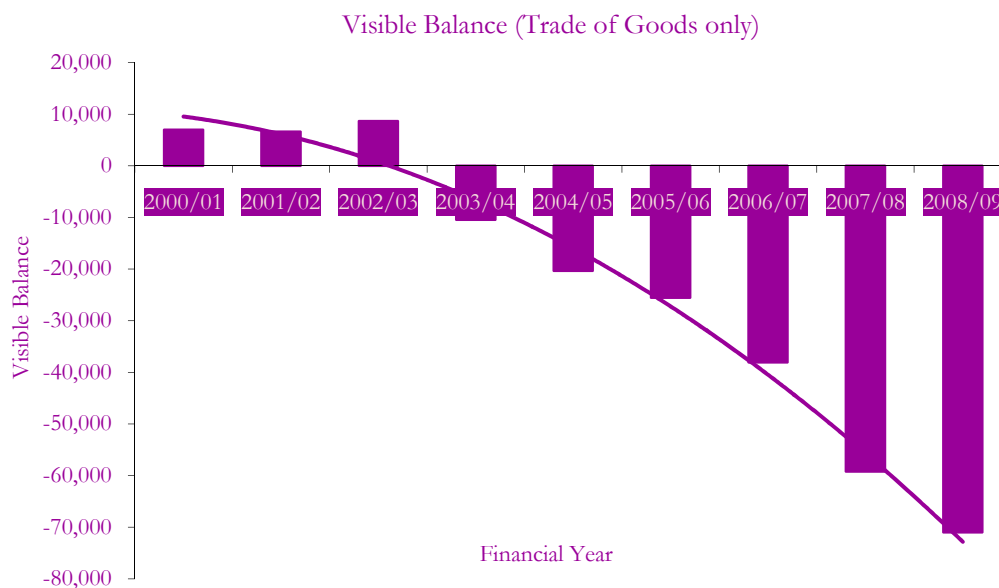
generous corporate fiscal regimes. Policy incongruence between the Bank of Mauritius and Ministry of Finance have further destabilised the monetary system leading to confusing currency positions and monetary actions. The bottom line has been a staggering deficit of our visible trade and current account to levels that are now hardly sustainable. And to worsen things, an aggressive foreign currency borrowing policy is being conducted to sustain the overall Balance of Payments and consequentially, our foreign reserves. It becomes more worrying to note that much borrowing is in Chinese currency, which is expected to appreciate rapidly in the coming years. No policy has been formulated to counter our deteriorating current account position which will inexorably exert downward pressure on our rupee and further push the economy into a vicious circle of high imported inflation and further deterioration of the current account.

To complicate matters, present social policies are not reinforcing social unity and cohesion. Law and order is receding. Social housing, poverty alleviation and income distribution have received but meagre considerations in policy formulation. Worse, purchasing power has been dramatically eroded by high inflation and lesser than inflation rate compensation given not to everybody. Tripartite negotiations have been abandoned and the replacing NPC has not received the support of the unions. Labour laws have been replaced by the employer favouring Employment Rights Act.

We, therefore, condemn this Government for having denied the real implications of their ultraliberal policies. We condemn this Government for their denial of a crumbling economic and social environment and their too late wake unfolding onto a shameless u-turn, a stimulus package which, other than being 'too little too late', was an unnecessary commissioning of public funds whose allocation, as we know, has been severely criticised. We note this Government's denial of the strength of our legacies and their contribution to resist the crisis. We deplore this Government for being inhumane and for being almost completely alienated from our social realities and necessities.

At present, only the MMM can boast having dared to go public to give clear warnings to the Government and to present some challenging forecasts, many of which emanating from our CE:

1. Right from the announcement of the first budget after the 2005 elections, we were the first to speak of ultra liberal policies, their harmful social impact and their relentless drive towards enhanced poverty and distribution skew;
 2. We cornered the minister on his malicious manipulation of figures namely the inclusion of hot monies in FDI figures, the ‘mixing up’ of IRS figures in tourism to hide IRS as an engine of growth, the ‘subtle’ use of the 60% unspent capital budget to demonstrate efficiency in budget management and, in particular, deficit management;
 3. We disillusioned the minister by failing his attempt to hide the huge amounts of government debts ‘en noyant le poisson’ in percentage presentations – his bluff was unveiled. We warned him that, notwithstanding its 50 or so % of GDP, government debt was cumulating to a staggering MUR 160 billion plus in absolute terms;
 4. We warned government on the use of foreign currency borrowings to finance government deficit;
 5. We severely cautioned Government on their ignorance/unwillingness to address the real threats facing the economy namely social degradation, debt levels and Balance of Payments positions;
 6. We forecasted trade deficits levels which, eventually, tallied with the independent MCB trade deficit forecasts of MUR 64 billion. We issued charted data to demonstrate the plausibility of our forecasts which are now sadly being neared by official CSO figures;
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7. We warned government about the threats of a depleting foreign currency reserve and, in particular, of the inappropriateness of sustaining such reserves through foreign currency borrowings. As a healthy measure to protect these reserves, we proposed that half of them be converted into gold reserves. Since then, the price of Gold has increased by approximately 30% and we estimate that our reserves would have gone up by approximately MUR 12 billion! We note that, as at March 2009, the USA held 78.9% of its reserves in Gold, Germany held 71.5%, France 72.6%, Italy 66.5%, Portugal 90.2%, Greece 92.8%...Mauritius held 2.1% of its reserves in Gold and ranked 92nd in terms of tonnes of Gold held.
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THE COST OF ULTRA LIBERALISM.

In 2008, our CE boldly went public with the warning that we were on the brink of a major social crisis. Our arguments were, as always, supported by a number of undeniable facts:

1. Mauritius was number one in the world for average diabetes count, number one for road accidents and number two for drug consumption!
2. Inflation had reached double digits figures with sharper price rises in the food and fuel categories whilst salary compensation were lower than inflation rate, tripartite negotiations abolished and labour laws altered;
3. Income distribution became more skewed as pointed out by official CSO figures through a deterioration of the GINI Coefficient;
4. To add insult to injury, the NRPT and the tax on savings interests were introduced;
5. Poverty had increased and a new class of poverty, absolute poverty, was defined with precise counts of family numbers and absolute poverty areas!
6. Subsidies on SC and HSC exams fees were removed as were those on basic foodstuffs only to be partly reinstated following pressure from the MMM;
7. Small planters were practically thrown out of lands they occupied in Riche Terre to make way for the Tianli Industrial zone. At the same time, all plantation costs, mainly fertilisers and transport, have hit astronomical heights thus eating up huge margins;
8. Subsidies on foodstuffs were financed by unfair charges included in fuel prices which prices are now further enhanced by charges to finance hedging losses incurred by an extremely incompetent STC Management;
9. Crimes and domestic violence were on the upside as was corruption and political protectionism;

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10. Confidence in our law enforcement institutions had depleted and a general feeling of insecurity had spread across the island;
 11. Mounting road traffic indiscipline.

Clearly, Government policies have been for the reinforcement of capitalism and the betterment of a few. Policies were obstinate on growth and bumper crops primarily through business facilitation and foreign investor support but ignorant of distribution fairness and protection of the needy and the working class. This is in fact, a major characteristic of ultra liberalism.

The policies of the MMM are diametrically and fundamentally different from those of the present Government. We favour participative growth and ensure fair sharing of the wealth. We combat corruption instead of nurturing it. We empower law enforcement institution to ensure law and order instead of bogging them down with political interference. We are for repealing the Employment Rights Act and bringing the onus back onto the employer to justify dismissals. We advocate full salary compensations, at least equivalent to inflation. We are transparent in fuel price fixing. We have also taken a firm public commitment to eliminate the NRPT and the unfair tax on savings interests. In fact, our policies favour fairness in distribution as opposed to present policies which have caused the GINI coefficient, which measures the degree of inequality in income, to increase from 0.371 in 2001/02 to 0.389 in 2006/07 indicating an increase in income inequality.

The MMM knows that there cannot be progress and growth without social stability and cohesion. We have learnt from the recent food crisis that we are extremely vulnerable to food shocks and that we should urgently address the food security issue. We have also learnt that we are vulnerable to fuel shortages because we do not have sufficient stocks nor do we have sufficient alternative power production units. Accordingly, the following matters much to us:

- **SOCIAL STABILITY AND COHESION**

As early as June 2007, our CE went public with our fears that Mauritius was on the edge of a major social crisis. Our concerns were based upon the dramatically receding purchasing power of the population and the failure of Government to adequately compensate for this loss. We further noted an abrupt loss of confidence in public institutions to maintain law and order, improve health services, provide quality education and extend our infrastructure networks. A feeling of insecurity crept in following a number of shortages namely that of various food stuffs, iron bars and cement. The

feeling worsened with the elimination of subsidies on basic food items and for SC and HSC fees. The sharp rise in the cost of fuel further complicated matters.

Notwithstanding notably high FDI statistics, the general observation was that these monies did not stream down into the population's hands thus spreading awareness about a flagrant skew in income distribution. The introduction of the NRPT and Savings Tax confirmed the ultra liberal inclinations of policies. The pinnacle of it all probably came with the Air Mauritius and STC hedging losses saga.

Subutex eroded our island and replaced brown sugar as the most widely used drug. Its introduction in Mauritius was traced back to clear political involvements. Cases of alleged corruption, again involving political personalities, increasingly hit our news headlines. Rapes, murders and robberies became daily breakfast hot news. Domestic and child violence were reported more frequently.

The MBC has become a disgraceful tool for government propaganda. The Press in general is often warned and threatened to be sanctioned whenever they report government unfriendly facts; one house, in particular, has been severely sanctioned through the boycott of its pages by government advertisement. Political protectionism has reached heights never seen before. Jobs are being filled by political protégés to the detriment of qualified job seekers. Similarly, promotions are not granted to qualified and deserving professionals.

Our people's trust in institutions and the economic process have faded and, with it, our social cohesion. Signs of instability have even started to show with an increasing number of angry demonstrations reported following road accidents or neighbourhood conflicts.

The MMM is very concerned with this trend. Sooner than later, Mauritius needs to implement a social programme that favours social justice and fairness in wealth distribution, reinforces our democracy, improves our welfare state, promotes gender equality and combats corruption. These are in fact the pillars of our economic and social programme.

Meanwhile, we remain concerned with the degradation of the values of our society. And the latest disgrace comes from the proliferation of gaming and betting houses over the island. Since 2005, no less than 195 new gaming licences have been issued to various gaming operators. Gaming perfectly demonstrates how private interest does not always coincide with public interest. It is certainly a very profitable industry but it is clearly not in our interest to have a population of gamblers - ‘une nation zougadere’. Nonetheless, attempts are now being made to sell off a majority stake in the government owned casinos to a foreign operator. The deal seemingly anchors around a reduction of the 50% gaming tax that is levied on all gaming revenues and may not contain any safeguard against a probable downsizing exercise. This is simply scandalous and intolerable.

We therefore hereby announce that the MMM will use the Gaming Regulations Authority Act to cleanse the sector. We further feel that control in the sector is best imposed from the inside. Accordingly, we will endeavour to acquire a majority stake in all betting and gaming activities which are socially and culturally toxic.

We are further concerned with the outrageous ‘strategies’ being implemented in order to bypass clean procurement procedures. We will particularly target the operations of the Road Development Company through which, an astounding MUR 25.6 bn worth of infrastructure projects will be awarded without any obligation to go through central procurement.

▪ **THE FOOD ISSUE**

Jayen’s paper, has already emphasised the need for food security as a pre-requisite for a modern society. The emphasis is even more relevant given the formidable food shortage threat that the recent rocketing food prices have posed on Mauritius. This risk has been so tangible that it has led to the incorporation of the Regional Food Company which unfortunately, has not been able to mitigate the likelihood of the risk occurrence.

Because the threat of another food crisis still prevails and because we are extremely vulnerable to such threats, the MMM urged for the preparation of a Strategic Food Security Plan. We maintain that such a plan is a necessity.

▪ THE ENERGY ISSUE

Mauritius is nearing a serious energy crisis. Even the CEB confirms that we are in dire need to set up production plants urgently. Unfortunately this urgency has been notified for a number of years now but solutions are still waiting to be implemented save for the power producing waste disposal incinerator at la Chaumière which is being publicly contested, the dubious allocation of a contract to Malaysians for a power plant, the last minute catastrophe purchase of hydraulic turbines and still in negotiation contractual arrangements with the CEB. Major breakthrough measures have been announced for renewable energy sources but we are still not witnessing any progress.

Meanwhile, the whole nation remains in fear of a black out and to exacerbate matters, we also face the risk of running out of stock of fuel; the recent late coming of a carrier almost led to the complete depletion of our country's fuel stock.

It has been quite a long time now since the MMM invited the Government to invest part of our foreign currency reserves in a Strategic Oil Stocking Facility. We further proposed that we buy fuel to fill the facility. By so doing, our reserves would be invested in more secured assets and not held in currencies. At the same time, we would have built a sufficient stock of fuel to allow us to sustain on our own, external fuel shocks for at least a couple of months.

On a more general note, any response to our long term economic development must incorporate the formulation of an effective energy policy. Mauritius must adjust to the end of the era of cheap energy for we have reached the peak of oil and demand for global oil will exceed the global supply. We must adjust quickly by diversifying away from oil. From an environmental perspective, climate change is a major concern and from a social perspective affordability of basic energy services may be compromised.

Our energy policy must contain elements for a more secure, more competitive and more sustainable action plan. It should rest on:

- (a) Energy efficiency where more goods and services are produced with less energy;
- (b) Enhancing our security of energy supply through long term agreements involving open and transparent tender procedures for the supply of fossil fuels and sustained efforts in harnessing renewable energy; and,

(c) Sustainable living which involves reducing the need for energy services by changing behaviour and habits.

Energy efficiency will have a positive long term impact on our economic, environmental, social and security benefits at the same time. Energy saved is the cleanest and cheapest form of energy. Industrial bodies must replace obsolete equipment with new and more energy efficient tools of production. Domestic consumption must be further reduced through additional incentives.

The development of Renewable Energy must be aggressively pursued through a range of action on solar energy (solar water heater, solar P V cells, concentrated solar rays among others), wind power, wave energy and biomass, particularly bagasse optimization and sugar cane leaves. Ethanol production and use also needs to be enhanced.

Electricity production through conventional fossil fuels such heavy fuel oil and coal must be carefully monitored and new technology such as fluidized bed technology adopted. It must ensure that more electricity is extracted from one tonne of coal that is environmentally clean. The electricity sector must be monitored by the Utilities Regulatory Authority – a body which the last Parliament has enacted.

Sustainable living will require a major change in our living habit and mindset. It will have the highest impact in reducing energy waste with long term benefits. Here also, we refer to Jayen's paper wherein all the energy issue has been thoroughly addressed.

MOTHER NATURE'S UNRAVELLING

On 26th March 2008, more than 100 mm of rain poured on the island within just a few hours. Small rivers became raging torrents sweeping away their own banks and invasively gaining territories beyond the normal boundaries of their flows. Even roads and cane and tea fields interlines, became raging torrents that even carried away stationary cars. The Ministry of Education released school children at the very apogee of the rainfall. Two innocents were swept away by the flows. The Minister boasted that only one of 300 000 died! He further blamed the meteorological services for not closing down schools. In the same year, the whole population suffered the threats of a fast expanding Chikungunya outbreak. Mosquito control through fumigation was applied days after the outbreak of the disease and obviously very, if not too, late.

This year, Mother Nature has stricken with more severity and worldwide. Our memories are fresh on the matter and the sequels of the Swine Flu are known to us all. People have died this time and sadly, history is repeating itself. Compared to international practice, we are late to react – late to order Tamiflu; late to order vaccines. We are also probably the only ones who have witnessed an attempt to ‘hide’ information on the disease or to have issued an unfounded communiqué on the matter. This time also (et une fois n’est pas coutume), the Ministry of Education toyed with the decision to close school premises and only did so abruptly, after the Minister had publicly taken a number of contradictory positions on the matter.

Far from wanting to use natural sinisters to ‘roast’ Government, the MMM is more than ever concerned that Mother Nature is now hitting us vehemently with a number of catastrophes. Only God knows what is in reserve for us. However, and here also, we have the responsibility to be prepared for the worst. This is why, today, we propose the creation of **THE NATIONAL EMERGENCY CENTRE (THE NEC)**, which will be a special body vested with sufficient powers to manage national emergencies such as floods, cyclones, epidemics and coordinate rescue operations. The NEC will be guaranteed to receive as much resources as it deems necessary to manage emergencies efficiently.

The NEC will consist of a team of highly trained disaster management professionals. They will be headed by a Director General, who in case of emergency, will be vested with all necessary exceptional powers to manage disasters with promptness, efficiency and efficacy. His directives, in period of emergencies, will be orders. Key to the success of The NEC will be the promptness with which it will mobilise resources on site. Targets will be set thereon and efficiency monitored. The Minister of Finance will also commit as much funds as will be necessary to properly conduct all disaster management tasks. Obviously, to avoid abuse, The NEC will be accountable to the PMO and each time a disaster is managed, the DG will have the legal responsibility to file a full report on its management of the disaster. The dramatic road accident that occurred on September 8th has paralysed the whole of Mauritius for hours. Such a situation beckons the central coordination of all rescue and emergency services.

SECTOR OUTLOOK

The outlook for the various sectors of our economy needs to be addressed on two fronts which we shall term the horizontal and the vertical outlooks. Horizontal outlooks will be sector specific whilst vertical outlooks will emanate mostly from macro policy measures and are broadly common to all sectors. We propose here to touch on just a few sectors which we consider, require the most urgent attention. We will attempt to show the simplicity with which each sector could be reinvented either through the introduction of new products or through efficiency enhancement with the help of new technologies. From the vertical stand point, we remain focussed on the formidable external threats that may hit us. We have identified two major risks which are food and energy shortages and have made proposals for food and energy security. We have shared our view that growth cannot be sustained without social stability and cohesion. We further remain extremely mindful that a key requirement of social cohesion is a fair sharing of the wealth we create. We have already hinted a number of fiscal objectives applicable at the macro level but there are solutions that are further applicable at the micro level.

A NATION FOR ALL

Sustainable development and growth pervades only when everybody understands them, gets to participate in their making and eventually gets a fair share of the growth. It is the responsibility of the State to ensure that the sharing is fair, that all wealth generated is properly distributed. There are, of course, a range of fiscal tools that Government can use, but such tools may hinder growth if they kill initiative. Ultra liberalism is not a solution either, for the same fiscal tools may then increase the distribution skew as is the case in Mauritius at present. Otherwise, distribution may better be done at the source of wealth creation, that is, at the very level of economic activity. It is known that, a well programmed SME development can contribute towards achieving this goal and this is an important instrument that we will use to achieve a fairer distribution of wealth.

In the past few budgets, an impressive array of measures had been announced to create a strong SME sector. Lured by these measures, many small entrepreneurs, previously running one man shows, have tried their lucks with SME's. Unfortunately, many have been confronted to enormous bureaucratic hurdles and the blunt disillusion that an SME is not a panacea to their worries but instead it may be one additional cause of trouble. One problem with the sector is that it has moved from an informal one to a highly regulated structure almost overnight. Given that a lot of SME operators are not conversant with corporate regulatory and statutory

requirements, many have developed the feeling that they are harassed by the authorities. True, advisers have been made available to them for accounting and administrative support, but the responsibility to fulfil the new obligations is still theirs, which they do not always comprehend. Matters get even worse when they start getting tracked by the MRA for tax filings and settlements which confront them to the harsh actuality that they can only count of themselves to fulfil all new obligations. Disillusion also sets in when operators realise that inherent business risks are not reduced when one moves into a structured SME forum.

The problems facing SME's are known to everybody. Nevertheless, the solutions so far have not been appropriate and the sector is not contributing to growth as it should. Of importance are access to finance, infrastructure facilities and administrative logistics.

We hold the firm view that the progress of SME's rely primarily on a quasi complete shift of finance, infrastructure and administrative risks away from SME operators. We further purport that only the Government can endorse those risks and allow the sector to breathe.

Accordingly, the MMM proposes to earmark funds for injection in SME's. The boldness of the approach would be that those funds will be allocated to operators, without any requirement for a guarantee. This move is tantamount to a complete shift of capital risk onto Government. However, this shift will generate successful businesses and contribute towards growth. Also, promoters will hit a learning process and build knowledge that will further add to growth.

Allocating funds implies monitoring and assessment. And the more business friendly these are the better it is for the SME. An SME operator cannot be expected to prepare his accounts, file his returns or deal with the MRA and simultaneously file reports with the authorities. All these cumbersome administrative procedures need to be handled for them. We propose to create a fully government funded service house that will be procure such services to SME's. We consider that funds utilised here will be to promote a productive sector that will generate rewards in the form of growth and knowledge build up. On a similar tone, infrastructural facilities can be made available for offices and selected economic activities.

One particular example that comes to our mind immediately here is that we could provide building premises that would be fully equipped for start ups in the field of ICT to 'plug in' within the context of the SME sector we propose. They could be given an agreed time period to launch their business and gather sufficient momentum to eventually be able to stand on their own.

TOURISM

The global tourism market is becoming increasingly competitive. Travel patterns and considerations are shifting away from just fun and relaxation, to discovery of cultures and histories and the experience of thrilling, diversified, environment friendly packages as well as wellness offers. Obviously, and especially in periods of economic hardship, the value for money consideration remains a key motivation.

Indications for Mauritius is that our 3S (Sea, Sand and Sun) luxury leisure destination concept is now maturing. This is confirmed by the patterns of our tourist arrivals. The average annual increase in tourist arrivals for the past 30 years have been 7.5 % between 1975 and 1986, 11.4% between 1987 and 1997 and, 5.2 % between 1998 and 2008, which is typical of a maturing industry. Efforts have been put in market diversification, air access, product differentiation both on the marketing front and in product improvement through complements like golf, spas, big game fishing, hotel park improvement and various other sea related activities like kite surf, scuba diving, and whale and dolphin watching. Also, Mauritius maintains its highly attractive multicultural facet, which, we ought to preserve imperatively. Yet, the indications are that the destination is maturing: growth is slowing down. In such circumstances, we have only one way out; we need to reinvent the industry and push it up the value addition ladder.

Tourists choose their destinations more and more on price considerations but also on proposed and expected experiences. Visitors are more sensible to environmental protection and, emerging trends in travel patterns, show a clear surge for a more sensitive and responsible understanding of the world, its peoples, landscapes, cultures and history, to which Mauritius must respond.

Our standard of services must be second to none. Infrastructure must be improved and law and order reinforced to render our destination safe. Alternative and innovative marketing strategies need to be designed if Mauritius wants to prepare itself to face the shift in tourism demand and travel patterns. Moreover, we should maintain our competitiveness so as not to be priced out of the market. It is essential here, that the country makes of the range and quality of its industry's services, the differentiating factor from our competitors. After all, one of our main competitive edges remains the hospitality of our people and the quality of service.

Another pivotal issue affecting the tourism sector is training. Every year, our industry requires approximately 3,000 trained persons. However, our various technical and vocational training

institutions provide training for less than 1000 school leavers annually. Training has therefore become a bottleneck and if the situation is not remedied, the mismatch between training needs and training capacity may seriously impact on service delivery levels which have until now been one important edge on our competitors .

Over the recent years many tourist destinations have transformed or rejuvenated themselves through product development and marketing of new tourism experiences. Some have reconfigured and enhanced their tourism assets. This rejuvenation stage is usually reached when stakeholders make major efforts to take advantage of previously untapped resources.

Our first step has therefore been to find out whether we do have any such resources. Our findings have been quite reassuring and generated an amazingly simple but logical thought process. We are purporting that we have mature ‘sea’ products and that our hotel park has almost expanded to its maximum. So, the next obvious thing to do is to move away from the sea, inland, and to find out what new resources would ‘inland’ Mauritius procure us. There are in fact quite a number of such resources and we even already ‘consume’ some of them but not in a systematic organised manner.

For instance, each year a number of sports event are held in Mauritius and they attract a sizeable number of international participants who travel with their family. We noted that this year, six Japanese sportsmen participated in a local race. Next year, a Mauritius Marathon is being organised in the south with expectations of even more Japanese participating. In 2010, a world marathon is being organized internationally to emphasise the importance of water on the planet; the marathon will also be run in Mauritius simultaneously with a number of other countries falling in the same time zone as us. Additionally, we found that there are a number of activities like Tyroliennes, river trekking, mountain trekking and hunting that are attracting an increasing number of tourists on the island. We also came across a project which is planning to propose non-intrusive health therapies on the island. Clearly, we could package all of this into a well structured industry concept.

Incidentally, there exists one such concept, the WELLNESS concept, which emphasises initially on sports and relaxation and eventually culminates into an array of products ranging from seminars to non-intrusive health therapies. We therefore propose that, Mauritius gives an industry structure to Wellness Tourism in addition to our traditional 3S leisure package.

If wellness tourism is about well being and relaxation, wellness tourists are already active at home in some form of wellness enhancing activity (e.g., yoga, spa, meditation, healthy eating). Those who are not, often aim to engage further in the wellness activities they have experienced on holiday. A wellness proposal teaches the healthy way of living. Mauritius could be a centre for such teachings.

AGRICULTURE

The interesting thing about agriculture is that it provides living examples of successful industry transformations. It also contains proofs that the concept of democratisation is far from being the baby of the present Government. Moreover, with the recent threats on our food security, much focus has been brought back on the sector and in particular, on the solutions needed to safeguard our nation against food shortage. Agriculture is also a dynamic industry within which productivity is continuously enhanced through research and development, the advent of new technologies and mechanisation.

SUGAR

With the dismantling of the sugar protocol and the phasing out of our preferential EU markets, the sugar industry has had to undergo drastic transformations. Characterised initially by high production costs, the very survival of the industry has gone through a reduction in its labour force, the centralisation of sugar production onto a target of only four milling companies, a shift from raw sugar to refined sugar production, energy production and a ground breaking sale agreement for refined sugar with Sudzucker away from the raw sugar sale arrangement with Tate & Lyle. The Blueprint on centralisation and the Voluntary Retirement Schemes have also been ground breaking in rightsizing the industry. Leavers have been granted land and cash compensations as well as training for new career orientations. Meanwhile, technological shifts have seen the development of bigger, more automated efficient mills as well as bagasse and coal power producing plants.

As a matter of fact, the sugar industry has been for long a declining industry but is now salvaged because its stakeholders have embarked on a timely reinvention and restructuring of its whole operation.

The beginning of significant shifts in the industry probably dates as far back as 1994 with the creation of the Sugar Investment Trust (SIT) and the separation of milling activities from growing. Since inception, the SIT, which regroups thousands of small planters, owns 20% of milling entities. The role of the SIT in drawing more value towards the small operators of the industry became more obvious when the Illovo deal was made and the IPP's came into existence. And this is where real democratisation started.

Many Mauritian fell for the sickening communal bashing of the Illovo deal and many, if not most, are still ignorant of the achievements of this deal. This is why we hereby highlight the few following:

1. The SIT acquired 7000 arpents of prime agricultural land at a mere MUR 250 000 per arpent with all transfer and registration duties waved in favour of the SIT;
2. The Ebène triangle and the Bagatelle lands were transferred to Government at nominal fees. The Ebène cyber city has become a national pride thanks to the Illovo deal;
3. As a result of the deal, the SIT became the owner of 35% of BBHM Holdings Limited, the holding company of MTMD which was until recently a major shareholder of SUDS, now Omnicane Ltd;
4. SIT also gained 15% direct ownership in both Compagnie Thermique du Sud and Compagnie Thermique de Savannah, the two power plants in the south of the island.

This is where real democratisation started. This is also where willingness was shown to work with local power producers to address the national energy issue. And this is how the MMM again boasts innovative win-win arrangements that are effectively implemented for industry and public betterment. It is further the view of the MMM that, because the sugar industry owns a lot of land, their participation in a Strategic Food Security Plan will be of prime importance.

A STRATEGIC FOOD SECURITY PLAN

The drastic rise in world food prices in 2007-2008 and the global financial crunch pushed millions of vulnerable people deeper into poverty and hunger. Moreover, these food and financial crises have threatened market functioning and the openness of international trade. Mauritius, being small and dependent on trading partners for food supplies, is unfortunately vulnerable and we have indeed faced an impending food crisis. The reaction of Government has been the lamentable set up of a regional food company and a food security fund, both of which

have already fallen into oblivion. We fear that if there is a second food and financial crisis, Mauritius will almost certainly face food shortages. This is why we urge for the preparation of a Strategic Food Security Plan.

The guiding principle of a Strategic Food Security Plan would be to ascertain that a maximum of our basic food requirements is produced locally. The plan will conduct a full audit of all locally available resources, mainly land and know-how, and of our basic food requirements, including their mix, to determine therefrom, the feasibility of sustaining these basic requirements locally. The plan may also address regional solutions should we be unable to self-sustain our basic requirements. An action plan will then be designed establishing time and production targets. One key consideration of the plan will be the involvement of the stakeholders in the industry. For sure, we shall have to bring on board the sugar industry, the small planters community, fishermen, farmers and also, industrial food processors among others. We consider the drawing of such a plan to be urgent and should be started forthwith with a target to reap tangible results within twelve months and to finalise a feasible long term production plan. Meanwhile, we strongly recommend that immediate considerations be given to small planters to resolve the injustice some of them are suffering especially with regards to the humiliation they have endured through the manner their leasehold land had been removed from them. We also recommend that at least some of the issues the industry is facing like high fertiliser costs be addressed. Fishermen issues will also need to be addressed and potentially a right balance instituted between them and fish farms.

VALUE ADDITION

Mindset and technology often bring simple solutions to problems. One key approach to Agriculture is to view it more as the agro-industry rather than just agriculture. The approach then is more for vertically integrated solutions that would combine primary breeding and growing activities with processing and ultimately distribution and selling. From this angle, the value addition chain is obvious. For instance, some people rear ducks for selling. Some others would see the benefits of selling processed duck meat. Yet others will add more value through sophisticated packaging and selling directly to the hotels. Of course, we now cross into SME structures and all their associated specificities.

Technology is also a great ‘value adder’ or cost reducer. With this in mind, our CE has attempted to address the high and growing fertiliser cost issue plaguing the planters community. We have

toiled with the idea that chemical fertilisers can be replaced by compost. However, two obstacles cropped up. The first was to establish whether compost could be industrially produced and on a timely basis and the second was to assess whether compost could possess at least the same fertilising properties as the chemical fertilisers. During our research, we came across Menart Industries, a Belgium based firm, which specialises in industrial composting and which, incidentally, caters for both worries and further provides a serious alternative solution to domestic waste disposal. The solution is operational in Lahore in Pakistan and also in Vietnam! Members of our CE have visited Menart Industries and seen how the process of composting is conducted. Generally, the end product, compost, has high fertilising properties but these can be enhanced by additives to match the exact compositions of chemical fertilisers. Looking again at the value chain, compost can now allow us to produce fertilised but completely 'bio' products, which is a further source of value addition.

MENART COMPOSTING

The Menart technique of composting is based on a natural and biological process of conversion to creating valuable products from organic waste coming from agribusiness industries, maintenance of the public parks and gardens and the organic portions of household waste. The technique can provide a perfectly environment friendly solution to domestic waste disposal and at the same time enable Mauritius to develop fully its bio-products through the use of compost.

EXPORT ORIENTED ENTERPRISES

It is a fact that the Mauritian Export Oriented Enterprises (EOE's) are dominated by textiles enterprises. In fact approximately two-thirds of the total EOE exports are attributable to textiles. The obvious and attempted improvement in the sector is to go up market and to settle in the high end high quality market segments. We have had a number of successes in this direction but to us the solution is elsewhere. We may look into the technological improvement of manufacturing processes to increase efficiency but the gist here is that we cannot afford to contain two-thirds of this MUR 35 billion sector in just one textile category. This is far too risky especially given our present Balance of Payments situation. With threats on tourism and our financial services, we believe that this sector is the one to be reinvented to address our ailing Balance of Payments and healthily comfort our international reserves positions. And again, we believe that simple things can bring revolutions.

A team comprising a Dr in Biochemistry, an Industrialist and a Dr. in Chemistry have signed a JV agreement with a stakeholder in the sugar industry for over six months now. They have designed a process that can extract glucosamine and other derivatives from sugar cane. The use of these derivatives is widespread in producing pharmaceutical processes and the value addition is much higher than with refined sugar. Obviously the process is yet to be industrialised and exported. However, what is more interesting with their JV is that this new technology will be domiciled in Mauritius. What it implies is that other than the export of pharmaceuticals or pharmaceutical raw materials, the whole technology will be sold to the world from Mauritius. We believe that such an approach may bring a long term solution to our EOE sector.

To this end, we recommend the setting up of an **INSTITUTE OF NEW TECHNOLOGIES** which will be responsible to:

1. Seek technologies for the improvement of all industrial plants in order to raise the general level of efficiency on the island;
2. Seek and domicile new technologies in Mauritius with an arrangement that these will be exported as a Mauritian technology;
3. Ensure that there is sufficient awareness about new technologies in Mauritius by diffusing information through the media;
4. Organise regular visits by eminent researchers and users of new technologies to Mauritius and hold seminars, meetings or conferences so that stakeholders in Mauritius can be in contact with the technological 'happenings' worldwide.

CONCLUSION

Every sector of the economy has its own specific problems. The solutions to these problems also vary between sectors. With regards to the **GLOBAL BUSINESS SECTOR**, for instance, the imperative need is to reduce our dependence the India DTA-related intermediate holding service. We need to diversify our product portfolio and markets. This calls for a determined and rigorous plan by the authorities to overhaul existing regulations in line with the requirements of the new global financial environment and to introduce state of the art legislation for promoting E-business and developing new products, like limited partnerships, shariah-compliant trusts, non-Treaty driven funds, headquarters and principal companies, foundations (for Civil-Code based clients) and structured finance products & services. There is also need to make a strategic shift of the sector from providing low-value, passive back-office administration of entities designed and structured elsewhere to developing more knowledge-based, value-added and professional services of tax structuring, estate planning, private wealth management, fund administration and asset management, captive insurance and reinsurance, risk management and so many structured finance services for funding the development of emerging Africa.

A number of attributes, however, transcend sector remits and are indispensable for the overall well being of the nation. These attributes are the inevitable prerequisites for social stability and cohesion. Yes, we are referring to social justice, to fairness in income distribution, to the maintenance of law and order and to the parameters of a welfare state namely but not limited to, quality education for all, efficient health services for all and adequate infrastructures for economic activity and leisure. We are also referring to our democracy safeguarding institutions, to the proper balance of power, to adequate gender equilibrium and to a transparent and uncorrupted management of public wealth. The stand of the MMM with regards to all these prerequisites is crystal clear – we are making no compromise in promoting these values.

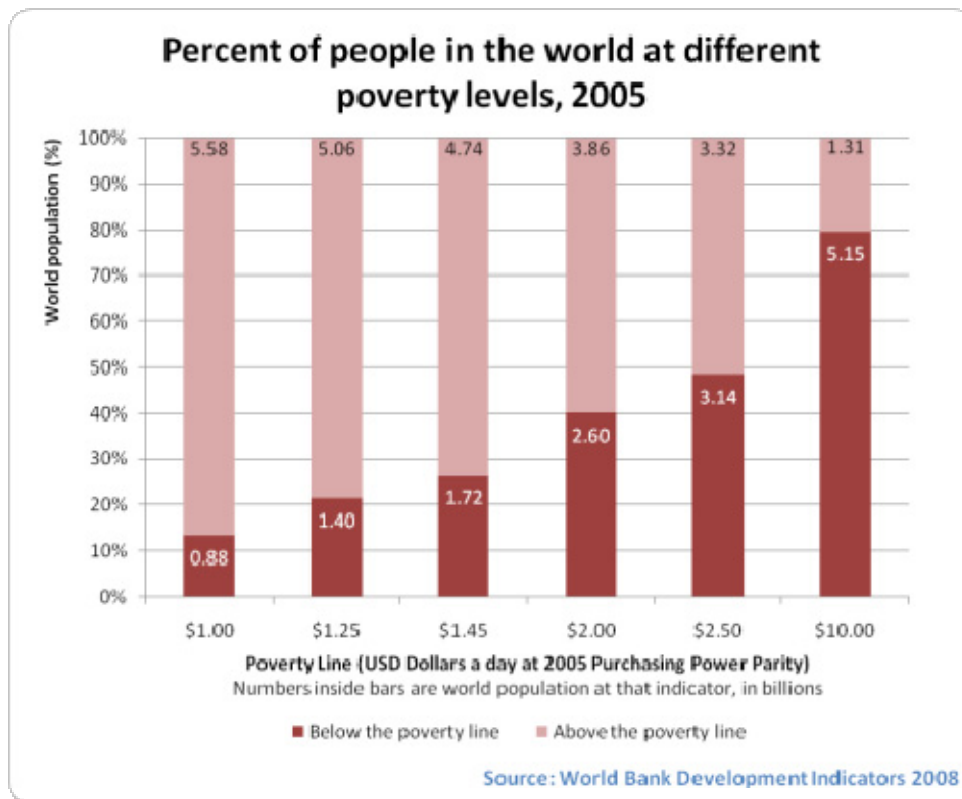
Finally, no nation progresses if the level of education of its people does not rise. Every sector of the economy, progresses through innovation, knowledge building, experience and learning. Our CE assigns significant importance to education and training. The MMM had initiated the most daring ever education plan for our nation with revolutionary transitions proposed away from an elitist system that does not nurture enough excellence and open-mindedness in our youth. Unfortunately, five years after we left power, our nation has left backwards. We have not just lost five years due to inaction; we have also lost the initial five years of effort that went into the

preparation and the initial implementation of the plan. We will revive plan and make Mauritius a centre for excellence.

We kicked off expressing our serious concerns about where the world is heading. We will certainly not tone down our assessment of the threats we face for it is only these worries that will underpin our vigour to stand boldly for our nation. We trust our team, we have trust in our leadership and we are satisfied that we are gathering enough expertise and know-how to better face and combat these woes. We are confident that our three guiding principles will help us prepare for the worst and bring forth a very human and social economic model.

APPENDIX 1: SOME WORRYING STATISTICS ON THE STATE OF THE WORLD.

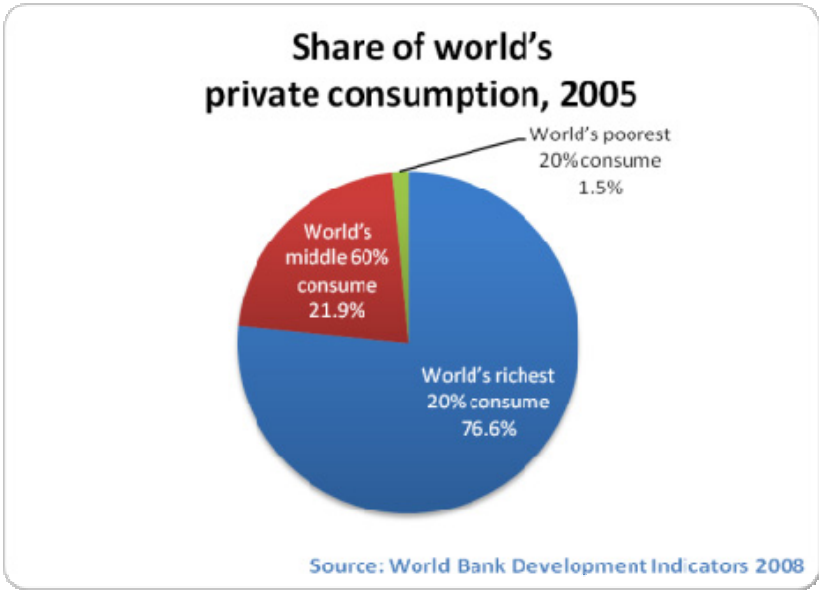
1. Almost half the world — over three billion people — live on less than \$2.50 a day.



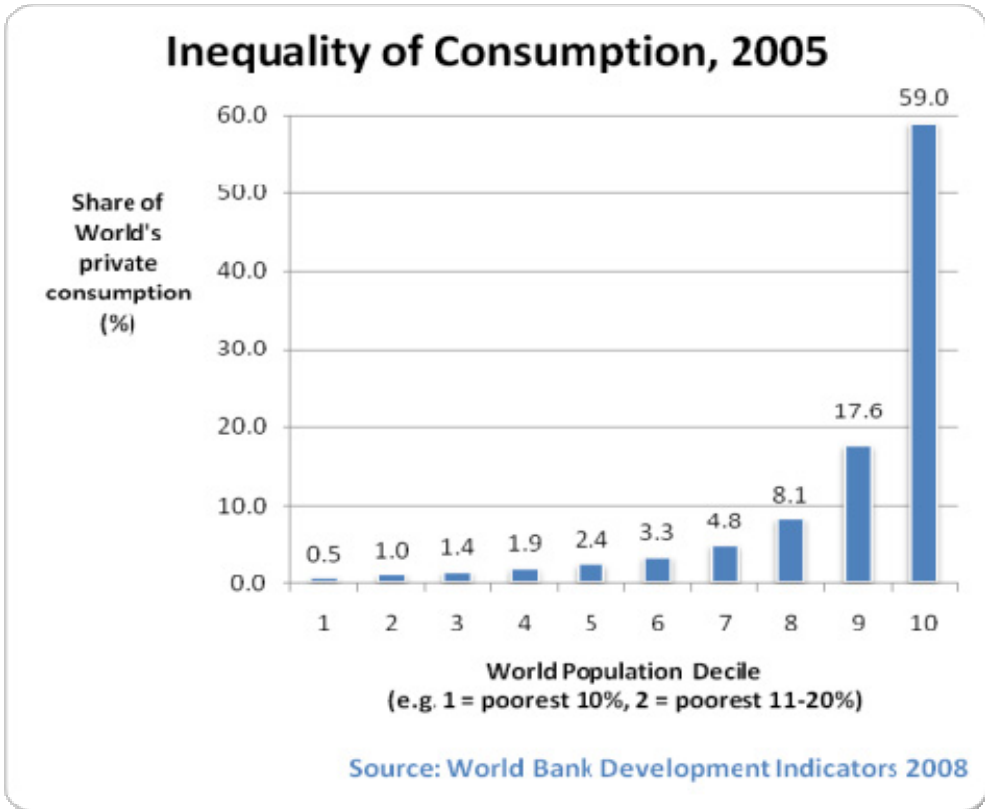
2. At least 80% of humanity lives on less than \$10 a day.
3. More than 80 percent of the world's population lives in countries where income differentials are widening.
4. The poorest 40 percent of the world's population accounts for 5 percent of global income. The richest 20 percent accounts for three-quarters of world income.
5. According to UNICEF, 25,000 children die each day due to poverty. And they “die quietly in some of the poorest villages on earth, far removed from the scrutiny and the conscience of the world. Being meek and weak in life makes these dying multitudes even more invisible in death.”
6. Based on enrolment data, about 72 million children of primary school age in the developing world were not in school in 2005; 57 per cent of them were girls. And these are regarded as optimistic numbers.
7. Nearly a billion people entered the 21st century unable to read a book or sign their names.

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8. Less than one per cent of what the world spent every year on weapons was needed to put every child into school by the year 2000 and yet it didn't happen.
 9. Infectious diseases continue to blight the lives of the poor across the world. An estimated 40 million people are living with HIV/AIDS, with 3 million deaths in 2004. Every year there are 350–500 million cases of malaria, with 1 million fatalities: Africa accounts for 90 percent of malarial deaths and African children account for over 80 percent of malaria victims worldwide.
 10. Water problems affect half of humanity:
 - Some 1.1 billion people in developing countries have inadequate access to water, and 2.6 billion lack basic sanitation.
 - Almost two in three people lacking access to clean water survive on less than \$2 a day, with one in three living on less than \$1 a day.
 - More than 660 million people without sanitation live on less than \$2 a day, and more than 385 million on less than \$1 a day.
 - Access to piped water into the household averages about 85% for the wealthiest 20% of the population, compared with 25% for the poorest 20%.
 - 1.8 billion people who have access to a water source within 1 kilometre, but not in their house or yard, consume around 20 litres per day. In the United Kingdom the average person uses more than 50 litres of water a day flushing toilets (where average daily water usage is about 150 liters a day. The highest average water use in the world is in the US, at 600 liters day.)
 - Some 1.8 million child deaths occur each year as a result of diarrhoea
 - Close to half of all people in developing countries suffer at any given time from a health problem caused by water and sanitation deficits.
 - Millions of women spend several hours a day collecting water.
 11. To these human costs can be added the massive economic waste associated with the water and sanitation deficit. The costs associated with health spending, productivity losses and labour diversions are greatest in some of the poorest countries. Sub-Saharan Africa loses about 5% of GDP, or some \$28.4 billion annually, a figure that exceeds total aid flows and debt relief to the region in 2003.

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12. For the 1.9 billion children from the developing world, there are:
- 640 million without adequate shelter (1 in 3)
 - 400 million with no access to safe water (1 in 5)
 - 270 million with no access to health services (1 in 7)
13. 121 million children are out of education worldwide.
14. 1.4 million children die each year from lack of access to safe drinking water and adequate sanitation
15. 15 million children have been orphaned due to HIV/AIDS (similar to the total children population in Germany or United Kingdom)
16. Rural areas account for three in every four people living on less than US\$1 a day and a similar share of the world population suffer from malnutrition. However, urbanization is not synonymous with human progress. Urban slum growth is outpacing urban growth by a wide margin.
17. Approximately half the world's population now lives in cities and towns. In 2005, one out of three urban dwellers (approximately 1 billion people) was living in slum conditions.
18. In developing countries some 2.5 billion people are forced to rely on biomass—fuelwood, charcoal and animal dung—to meet their energy needs for cooking. In sub-Saharan Africa, over 80 percent of the population depends on traditional biomass for cooking, as do over half of the populations of India and China.
19. Indoor air pollution resulting from the use of solid fuels [by poorer segments of society] is a major killer. It claims the lives of 1.5 million people each year, more than half of them below the age of five: that is 4000 deaths a day. To put this number in context, it exceeds total deaths from malaria and rivals the number of deaths from tuberculosis.
20. In 2005, the wealthiest 20% of the world accounted for 76.6% of total private consumption. The poorest fifth just 1.5%:



The poorest 10% accounted for just 0.5% and the wealthiest 10% accounted for 59% of all the consumption:



21. 1.6 billion people — a quarter of humanity — live without electricity:

Breaking that down further:

Number of people living without electricity

Region	Millions without electricity
South Asia	706
Sub-Saharan Africa	547
East Asia	224
Other	101

22. The GDP (Gross Domestic Product) of the 41 Heavily Indebted Poor Countries (567 million people) is less than the wealth of the world's 7 richest people combined.

23. World gross domestic product (world population approximately 6.5 billion) in 2006 was \$48.2 trillion in 2006.

- The world's wealthiest countries (approximately 1 billion people) accounted for \$36.6 trillion dollars (76%).
- The world's billionaires — just 497 people (approximately 0.000008% of the world's population) — were worth \$3.5 trillion (over 7% of world GDP).
- Low income countries (2.4 billion people) accounted for just \$1.6 trillion of GDP (3.3%)
- Middle income countries (3 billion people) made up the rest of GDP at just over \$10 trillion (20.7%).

24. The world's low income countries (2.4 billion people) account for just 2.4% of world exports.

25. The total wealth of the top 8.3 million people around the world “rose 8.2 percent to \$30.8 trillion in 2004, giving them control of nearly a quarter of the world's financial assets.” In other words, about 0.13% of the world's population controlled 25% of the world's financial assets in 2004.

26. For every \$1 in aid a developing country receives, over \$25 is spent on debt repayment.

27. 51 percent of the world's 100 hundred wealthiest bodies are corporations.

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28. The wealthiest nation on Earth has the widest gap between rich and poor of any industrialized nation.
29. The poorer the country, the more likely it is that debt repayments are being extracted directly from people who neither contracted the loans nor received any of the money.
30. In 1960, the 20% of the world's people in the richest countries had 30 times the income of the poorest 20%, in 1997 they had 74 times as much.
31. An analysis of long-term trends shows the distance between the richest and poorest countries was about:
- 3 to 1 in 1820
 - 11 to 1 in 1913
 - 35 to 1 in 1950
 - 44 to 1 in 1973
 - 72 to 1 in 1992
32. "Approximately 790 million people in the developing world are still chronically undernourished, almost two-thirds of whom reside in Asia and the Pacific
33. For economic growth and almost all of the other indicators, the last 20 years [of the current form of globalization, from 1980 - 2000] have shown a very clear decline in progress as compared with the previous two decades [1960 - 1980]. For each indicator, countries were divided into five roughly equal groups, according to what level the countries had achieved by the start of the period (1960 or 1980). Among the findings:
- Growth: The fall in economic growth rates was most pronounced and across the board for all groups or countries.
 - Life Expectancy: Progress in life expectancy was also reduced for 4 out of the 5 groups of countries, with the exception of the highest group (life expectancy 69-76 years).
 - Infant and Child Mortality: Progress in reducing infant mortality was also considerably slower during the period of globalization (1980-1998) than over the previous two decades.
 - Education and literacy: Progress in education also slowed during the period of globalization.

34. A mere 12 percent of the world's population uses 85 percent of its water, and these 12 percent do not live in the Third World.

35. Hereunder are the global priorities in spending in 1998:

Global Priority	\$U.S. Billions
Cosmetics in the United States	8
Ice cream in Europe	11
Perfumes in Europe and the United States	12
Pet foods in Europe and the United States	17
Business entertainment in Japan	35
Cigarettes in Europe	50
Alcoholic drinks in Europe	105
Narcotics drugs in the world	400
Military spending in the world	780

36. And compare that to what was estimated as *additional* costs to achieve universal access to basic social services in all developing countries:

Global Priority	\$U.S. Billions
Basic education for all	6
Water and sanitation for all	9
Reproductive health for all women	12
Basic health and nutrition	13

