

Three Myths on the World's Poor

Bill and Melinda Gates call foreign aid a phenomenal investment that's transforming the world.

By

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Jan. 17, 2014 7:50 p.m. ET

By almost any measure, the world is better off now than it has ever been before. Extreme poverty has been cut in half over the past 25 years, child mortality is plunging, and many countries that had long relied on foreign aid are now self-sufficient.

Our Developing World



By almost any measure, write Bill and Melinda Gates, the world is better off now than ever before, in part thanks to foreign aid. By 2035, they predict there will be almost no poor countries left in the world. Bill & Melinda Gates Foundation

So why do so many people seem to think things are getting worse? Much of the reason is that all too many people are in the grip of three deeply damaging myths about global poverty and development. Don't get taken in by them.

MYTH ONE: Poor countries are doomed to stay poor.

They're really not. Incomes and other measures of human welfare are rising almost everywhere—including Africa.

Take Mexico City, for instance. In 1987, when we first visited, most homes lacked running water, and we often saw people trekking on foot to fill up water jugs. It reminded us of rural Africa. The guy who ran [Microsoft](#)'s Mexico City office would send his kids back to the U.S. for checkups to make sure the smog wasn't making them sick.

Today, Mexico City is mind-blowingly different, boasting high-rise buildings, cleaner air, new roads and modern bridges. You still find pockets of poverty, but when we visit now, we think, "Wow—most people here are middle-class. What a miracle." You can see a similar transformation in Nairobi, New Delhi, Shanghai and many more cities around the world.

In our lifetimes, the global picture of poverty has been completely redrawn. Per-person incomes in Turkey and Chile are where the U.S. was in 1960. Malaysia is nearly there. So is Gabon. Since 1960, China's real income per person has gone up eightfold. India's has quadrupled, Brazil's has almost quintupled, and tiny Botswana, with shrewd management of its mineral resources, has seen a 30-fold increase. A new class of middle-income nations that barely existed 50 years ago now includes more than half the world's population.

And yes, this holds true even in Africa. Income per person in Africa has climbed by two-thirds since 1998—from just over \$1,300 then to nearly \$2,200 today. Seven of the 10 fastest-growing economies of the past half-decade are in Africa.

Here's our prediction: By 2035, there will be almost no poor countries left in the world. Yes, a few unhappy countries will be held back by war, political realities (such as North Korea) or geography (such as landlocked states in central Africa). But every country in South America, Asia and Central America (except perhaps Haiti) and most in coastal Africa will have become middle-income nations. More than 70% of countries will have a higher per-person income than China does today.

MYTH TWO: Foreign aid is a big waste.

Actually, it is a phenomenal investment. Foreign aid doesn't just save lives; it also lays the groundwork for lasting, long-term economic progress.

Many people think that foreign aid is a large part of the budgets of rich countries. When pollsters ask Americans what share of the budget goes to aid, the most common response is "25%." In fact, it is less than 1%. (Even Norway, the most generous nation in the world, spends less than 3%.) The U.S. government spends more than twice as much on farm subsidies as on international health aid. It spends more than 60 times as much on the military.

One common complaint about foreign aid is that some of it gets wasted on corruption—and of course, some of it does. But the horror stories you hear—where aid just helps a dictator build new palaces—mostly come from a time when aid was designed to win allies for the Cold War rather than to improve people's lives.

The problem today is much smaller. Small-scale corruption, like a government official who puts in for phony travel expenses, is an inefficiency that amounts to a tax on aid. We should try to reduce it, but we can't eliminate it, any more than we can eliminate waste from every government program—or from every business, for that matter. Suppose small-scale corruption amounts to a 2% tax on the cost of saving a life. We should try to cut that. But if we can't, should we stop trying to save those lives?

We've heard plenty of people calling to shut down aid programs if one dollar of corruption is found. But four of the past seven governors of Illinois went to prison for corruption, and no one is demanding that Illinois's schools be shut down or its highways closed.

We also hear critics complain that aid keeps countries dependent on outsiders' generosity. But this argument focuses only on the most difficult remaining cases still struggling to be self-sufficient. Here is a quick list of former major aid recipients that have grown so much that they receive hardly any aid today: Brazil, Mexico, Chile, Costa Rica, Peru, Thailand, Mauritius, Botswana, Morocco, Singapore and Malaysia.

Aid also drives improvements in health, agriculture and infrastructure that correlate strongly with long-run growth. A baby born in 1960 had an 18% chance of dying before her fifth birthday. For a child born today, it is less than 5%. In 2035, it will be 1.6%. We can't think of any other 75-year improvement in human welfare that would even come close. A waste? Hardly.

MYTH THREE: Saving lives leads to overpopulation.

Going back at least to Thomas Malthus in 1798, people have worried about doomsday scenarios in which food supply can't keep up with population growth. This kind of thinking has gotten the world in a lot of trouble. Anxiety about the size of the world population has a dangerous tendency to override concern for the human beings who make up that population.

Letting children die now so they don't starve later isn't just heartless. It also doesn't work, thank goodness.

It may be counterintuitive, but the countries with the most death have among the fastest-growing populations in the world. This is because the women in these countries tend to have the most births too.

When more children survive, parents decide to have smaller families. Consider Thailand. Around 1960, child mortality started going down. Then around 1970, after the government invested in a strong family planning program, birthrates started to drop. In the course of just two decades, Thai women went from having six children on average to having just two. Today, child mortality in Thailand is almost as low as it is in the U.S., and Thai women have an average of 1.6 children. This pattern of falling death rates followed by falling birthrates applies for the vast majority the world.

Saving lives doesn't lead to overpopulation. Just the opposite. Creating societies where people enjoy basic health, relative prosperity, fundamental equality and access to contraceptives is the only way to a sustainable world.

More people, especially political leaders, need to know about the misconceptions behind these myths. The fact is, whether you look at the issue as an individual or a government, contributions to promote international health and development offer an astonishing return. We all have the chance to create a world where extreme poverty is the exception rather than the rule.