

Remember the bottom billion in our brave new world

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This weekend **an attempt will be made by world leaders to redesign capitalism**. A new financial architecture will be put in place. This effort will fail unless the bottom billion – those living on less than a dollar a day – are invited from the shadows and allowed to work with us in forging our brave new model.

Just a few weeks ago it was hoped that Main Street could avoid the fallout from a disgraced Wall Street. That has proved to be another case of bankers' self-interested delusions. It is in the nature of streets to meet. The results were as predictable as they are awful. Yet, with great effort, we will recover.

For those in Africa who live in the world's hardest circumstances, this crisis can seem academic. Yet there is a threat that they will be overwhelmed by a new wave of poverty, just when there had been the beginnings of real sustained economic change. While Africa is sheltered from the immediate impact of the crisis because of its relative isolation from the global financial system, it will be buffeted by the after-shocks: falling demand for exports, slowing capital flows, reduced remittances, sluggish growth and the threat of development aid drying up.

The food and fuel crisis knocked the poor off their knees; the financial crisis threatens to kick them when they are down. This must not be allowed to happen. Instead the crisis offers a moment of opportunity. When financial vested interests are weak and *laissez faire* fundamentalism on the ropes, there is a chance to finally live up to the oft-broken commitment to the poor while also regulating the more irresponsible sides of capitalism.

Just as the crisis has been international because of globalisation, any new reforms will also need to be international. As Robert Zoellick, president of the World Bank, has remarked, a modernised multilateralism must put global development on a par with international finance. The next round of globalisation must be one where economic opportunities and responsibilities are more widely shared.

This moment of flux offers the chance to revive ideas that have been around for some time but have been heavily resisted. First is the Tobin tax. In 1978 James Tobin, the Nobel economist, proposed a tiny tax of 0.5 per cent or less on all foreign currency exchange transactions to deter speculation and pay for development. Some calculate this tax could yield \$375bn (€289bn, £253bn) annually. Even at half that amount, it is on a par with the amount that should already have been directed to development globally. This levy, even if it is cut to 0.005 per cent would limit volatility in small economies whilst generating enormous sums for the poor. It would also cost taxpayers nothing.

Second, we need to institutionalise the means by which profits from carbon trading can be channelled to development. As Germany has already shown, this is a vast market. It involves creating incentives for polluters to pollute less while generating resources for development. It is a smart, painless way to create revenues and jobs while bringing the poor into the global economy. A Europe-wide scheme is planned, but in Washington it should be seized upon as an effective mechanism for growth and development. It, like the Tobin tax, is tax neutral to the consumer while curbing overproduction of carbon dioxide and helping the world's poorest.

Third, this new round of globalisation must not be accompanied by a return to protectionism. Make Poverty History called for progress on debt, aid and trade. Trade is the area in which the least has been delivered. We need to pursue a stand-alone trade deal for Africa that supports regional integration, delivers improved market access, addresses supply-side constraints such as weak infrastructure, deals with the most damaging subsidies and allows governments to determine their own development strategies.

The voice of Africa's poor will barely be represented in Washington. The world cannot afford to disenfranchise 900m potential producers and consumers. Of course the Bretton Woods institutions need reform, but this cannot simply come in the form of a different carve-up between countries that have newly acquired more power and those that have always had it. Investing in Africa through effective aid and trade may seem counterintuitive at a time of hardship, but is a necessity. Globalisation has been a boon for many, but has not benefited everyone. Reform of the global economy will not work until all are connected and involved.

The writer is a musician, businessman and advocate for Africa. He is also cofounder of DATA and ONE

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