Poorest at most risk from 10b world population

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REUTERS

A devotee raises her hands to receive food from a charitable community kitchen, on the outskirts of Jammu.

There may be 10 billion mouths to feed within a few generations. The United Nations sees the world's population hitting that landmark by 2100. Without efforts to change the pattern, the poorest countries will face the worst effects of the demographic drain.

Compared with its last effort two years ago, the new U.N. forecast both increases population projections and delays the date by which the global population will peak and begin to decline. Previously this was expected around 2070; the latest shows the population still increasing in 2100.

It's a dystopian prospect. Even allowing for humanity's undoubted ingenuity, that kind of population would surely strain the planet's resources and ecosystem severely, especially if growing numbers achieve developed-world living standards with the cars, flushing toilets and air conditioning that entails.

Also, the great majority of the projected population increase comes in the poorest countries, where clean water, food and other resources are already hard to come by -- to say nothing of transport and other infrastructure. The projected number of people in Africa by 2100 is 3.6 billion, over a third of the global total, while Nigeria's expected population is 730 million, up from some 155 million today and 39 million in 1960.

History has shown that rapid rates of population growth can thwart economic takeoff as the need for housing, education and infrastructure overwhelms the limited capital available. So Nigeria's population in 2100, for example, could be still poorer than today's. While the U.N. numbers are highly sensitive to small changes in assumptions, the latest forecast underlines the need to take demographic trends seriously. The economic implications aside, a growing population also implies more pollution and potentially accelerating global warming.

China's controversial one-child policy has helped put its population on track to fall by a third to 941 million in 2100, according to the U.N. forecast. But that has come at high social cost. More palatable ways to bring birth rates down include increased expenditure on education, particularly for girls. Richer countries might even consider funding old age pension schemes in very poor economies, reducing the incentive for large families. If that avoided the world's ever welcoming its 10 billionth resident, it would be money well spent.

The United Nations released its biennial revision of its "World Population Prospects" on May 3, extending its forecasts to 2100. The U.N. report estimates that the global population will be 10.1 billion in 2100 and will still be increasing. Its forecast of the population in 2050 was revised upwards by 156 million to 9.3 billion.

By 2100, Africa's population is forecast to increase by 350 percent to 3.6 billion, of which Nigeria will represent 730 million, and Zambia 140 million.

The author is a Reuters Breakingviews columnist. The opinions expressed are his own.

Fraud and corruption fears at Indian 'charities'

AFP, *New Delhi*

Engineer Deepak Sharma thought he was dealing with a poverty relief project, but now believes he was caught up in a "Ponzi" fraud scheme -- just one victim of India's unregulated non-profit sector.

He is fighting a legal battle to recover 100,000 rupees ($2,240) that he claims he lost to Anand Jan Seva (Anand Help to the People), a group which was set up in New Delhi in 2009 posing as a charity helping poor people.

It began work as an officially-registered non-government organisation involved in community work in the Madangir district of the city, before it started to take cash from locals and return massive, rapid profits.

"The charity boss turned up and gave away grain and sugar to poor people living nearby, helping lower middle-class families with their wedding costs, and organising religious pilgrimages for the elderly," Sharma, 25, said.

"He seemed so devout and trustworthy, the whole neighbourhood supported him."

The NGO, which was licensed by local legal authorities, then offered a finance scheme which promised to double investors' money within a few months.

Sharma's sister-in-law Sakshi gave Anand Jan Seva 1,000 rupees and soon got 2,000 rupees in return. Sharma first gave 10,000 rupees, and received 20,000 rupees back in August 2010.

"Looking back it seems strange that an NGO was doing this but we wanted to believe it. It was working so well and we got our money on time," he said, trying to explain why he took the plunge last year and invested 100,000 rupees.

Within weeks, Anand Jan Seva collapsed, saying it could not return anyone's money. Its office was mobbed by furious investors who clashed violently with police.

AFP

Indian engineer Deepak Sharma, a victim, poses for a photograph in New Delhi.

"Ponzi" schemes, which pay out returns from other investors' contributions rather than from actual profits, are not new -- but campaigners say the problem is worsened in India by fraudsters posing as charity workers.

Sharma is now one part of a huge legal case against the head of Anand Jan Seva, Anand Arora, who is the main accused in an alleged fraud worth billions of rupees.

Arora was charged in September and remains in custody in Delhi as his case limps through the courts.

The trial is a rare insight into how organisations claiming to be NGOs are part of every aspect of Indian life.

The national audit authority last November published a damning report revealing that only 3.5 percent of the NGOs which received grants from the environment ministry completed their projects.

Five ways to correct the Greek debt crisis

MOHAMED EL-ERIAN

AFP

Communist-affiliated demonstrators sing the 'Internacionale' (a revolutionary socialist anthem) during a rally marking May Day in Athens on May 1, 2011. Greek unions marked May Day with protests against the government's austerity programme.

In Greece, austerity must be mixed with more meaningful structural reforms that restore the country's competitiveness and growth potential. The approach to the country's debt must mix liquidity with solvency solutions, preferably through a voluntary and orderly debt restructuring

Not a day goes by without a flood of comments on Greece and its debt problems. They seem to come from everywhere. Some are later denied while others are left to stand, accompanied by a continuous string of worrisome data. In the process, even greater disorder is gaining hold of the country's debt markets, with credit spreads exploding in an ever more alarming fashion.

There is a risk that all this could serve to confuse rather than illuminate the key issues that should be on the radar screen of many, whether they are policymakers or normal citizens. I can think of five such issues.

First, there is a good reason why Europe's current approach to Greece's problems has not worked well. Indeed, many, including me, believe it will not work any better going forward. Meanwhile, the costs and risks are growing exponentially.

Despite a year of large sacrifices on the part of Greek society and exceptional financial support from neighbors, Greece is still very far from regaining economic and financial stability. Output continues to collapse, unemployment is rising, the budget deficit remains alarming, and the already excessive debt burden is increasing further.

As a result, the country is no closer to re-establishing normal access to the global financial markets. New investors prefer to wait on the sideline, thereby starving the country of fresh capital. Meanwhile, doubtful liabilities are increasingly being transferred from creditors, who knew they were taking risks in lending to Greece (rather, for example, than buy German debt at a lower interest rates), to Greek and European tax payers as well as to the balance sheets of public organizations.

Second, the time has come to urgently recalibrate the EU/ECB/IMF approach to solving Greek's debt crisis. This must start with an open recognition that an insufficient number of the original key objectives of the Greek adjustment program have been realized and, going forward, even fewer stand any realistic chance of being realized under the current approach. As a result, the country will not be able to harvest gains from the courageous steps taken to improve the efficiency and functioning of the public sector. Indeed, it could be forced to reverse them.

This is not to say that the approach has been a complete failure. It has not, especially given that it reduced regional contamination risk by giving time to other vulnerable entities in Europe to enhance their economic and financial defenses. This has been particularly important for Spain and for those banks that have taken advantage of the last year to raise capital.

Third, none of this should really constitute a total surprise. Indeed, a lot, though not all, is very familiar to those that lived through or studied the Latin American crisis of the 1980s. It is also consistent with lots of academic work on debt traps and solvency problems.

The basic issue is a simple one. You don't solve a debt problem using mainly a liquidity approach.

Piling new debt on top old of debt is not a durable solution. At best, it buys time. But this comes at a cost. For example, Latin America suffered a "lost decade" of growth, employment and investment in the 1980s. Greece is undergoing the same risk today. But there is also a critical difference that makes today's approach to Greek's debt crisis even more problematic over the long term.

In Latin America, the international community was able to force banks to continue to lend. This limited the transfer of doubtful liabilities to the public sector. And, when the time came for a debt restructuring, the banks suffered a haircut of over 50 percent

In the case of Greece today, too much of the debt is being transferred from creditors to the public sector. As a result, too many tax payers and public institutions will end up taking the hit that many creditors should have taken.

Fourth, the urgent recasting of Europe's current approach to the Greek debt crisis must focus more explicitly on the objectives of addressing the country's solvency problems, restoring medium term growth and employment creation, and stopping the erosion in the integrity of European and multinational institutions.

In Greece, austerity must be mixed with more meaningful structural reforms that restore the country's competitiveness and growth potential. The approach to the country's debt must mix liquidity with solvency solutions, preferably (and if still possible) through a voluntary and orderly debt restructuring. European and multilateral financial support should be better targeted, structured, and disbursed; and it should reside on fiscal balance sheets rather than those of monetary institutions. And reasonable and sustainable fire lines must be established to limit regional contagion.

This leads to the fifth and final issue. If urgent action is taken, Greece need not end up risking the very concept of the Euro zone.

It is unfortunate that the Greek debt saga has diverted attention from many positives that are in play today in the Euro-zone. I am thinking here of Germany's underlying economic strengths and achievements, earned through years of brave structural reforms. I am also thinking of the considerable efforts made by Spain to avoid being placed in the difficult dilemma that Ireland was put ineffors that are critical to Spain limiting the risk of it joining the ranks of the three struggling peripheral economies (Greece, Ireland and Portugal).

The time has come for Europe to recognize the need for a meaningful mid-course correction to its approach to the Greek debt crisis. The current approach has not worked well enough, and will do even worse going forward.

The longer European leaders ignore the fundamental issues, the greater the risk to Europe's institutions, to its credibility, and to its shared strengths and responsibilities. And, the greater the risks to the global economy.

This piece is the English version of the one that appeared in Handelsblatt. The opinions expressed are his own.