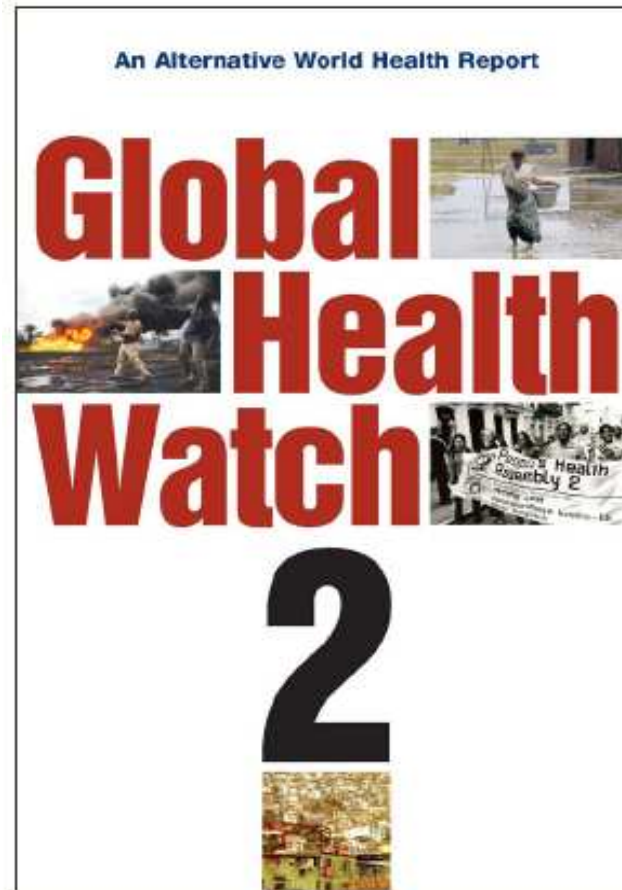
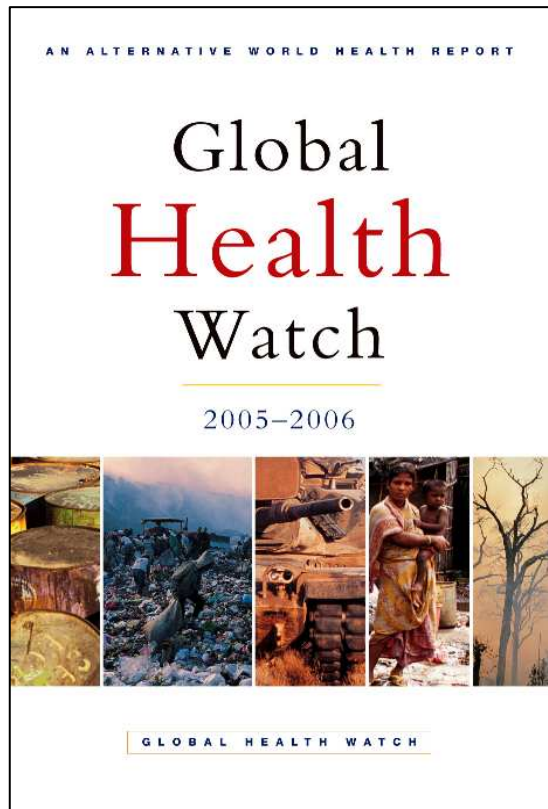


# Economic governance, globalisation and climate change

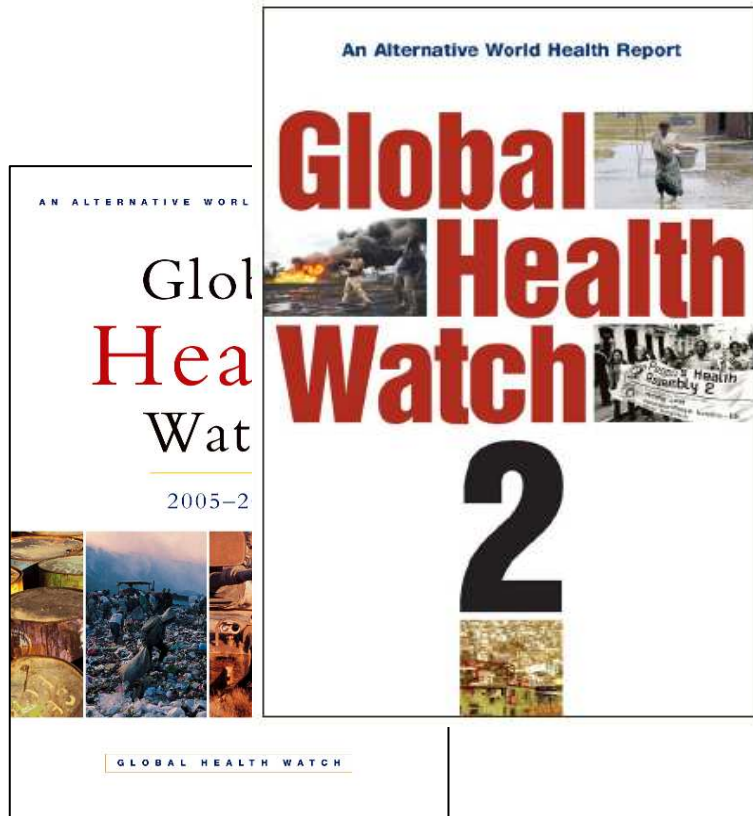
## *The bigger picture for SRH*

**David McCoy**

**Centre for International Health and Development, University College London  
Managing Editor for Global Health Watch  
Steering Committee Peoples Health Movement**



[www.ghwatch.org](http://www.ghwatch.org)



# Four Inter-Connected Crises

[www.ghwatch.org](http://www.ghwatch.org)

# **Crisis of Under-Development**

In spite of decades of global economic growth and an explosion in scientific and technological advancement ..... the number of people living in poverty has grown



Millennium Development Goals at Midpoint:  
Where do we stand and where do we need to go?<sup>1</sup>

François Bourguignon, Agnès Bénassy-Quéré, Stefan Dercon,  
Antonio Estache, Jan Willem Gunning, Ravi Kanbur, Stephan  
Klasen, Simon Maxwell, Jean-Philippe Platteau, Amedeo Spadaro<sup>2</sup>

“Global progress has been outstanding on income poverty thanks to the high performance of mostly Asian countries”.

[http://ec.europa.eu/development/icenter/repository/mdg\\_paper\\_final\\_20080916\\_en.pdf](http://ec.europa.eu/development/icenter/repository/mdg_paper_final_20080916_en.pdf)

# Crisis of Under-Development

In spite of decades of global economic growth and an explosion in scientific and technological advancement ..... the number of people living in poverty has grown

Income Poverty line		1981	2004	Change
\$1		<b>1,470</b>	<b>970</b>	- 500 (- 34%)
	(excl China)	836	841	+ 5 (+ 0.1%)

# Crisis of Under-Development

Income Poverty line		1981	2004	Change
\$2		2,450	2,550	+ 100 (+ 4%)
	(excl China)	1,576	2,096	+ 520 (+ 33%)

- World Bank measures have been criticised for being too low at \$1/day and \$2/day
- Peter Edward – ‘Ethical Poverty Line’
  - defined as the income level below which further income losses materially shorten life expectancy
  - estimated at between \$2.80 - \$3.90 / day

**Peter Edward (2006) “The ethical poverty line: a moral quantification of absolute poverty”. *Third World Quarterly*, 37(2): 377-393**

- World Bank measures of poverty are methodologically faulty and systematically biased towards under-counting the poor
  - Due to how purchasing power parity is calculated and how exchange rate fluctuations are dealt with

Thomas Pogge and Sanjay Reddy (2006) “Unknown: the Extent, Distribution, and Trend of Global Income Poverty”

Sanjay Reddy and Thomas Pogge (2005) “How *Not* to Count the Poor”. Version 6.2, UNDP Poverty Centre

**August 2008 publication presented a “major overhaul to the World Bank’s past estimates of global poverty, incorporating new and better data”**

Shaohua Chen and Martin Ravallion

Development Research Group, World Bank

[http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2008/08/26/000158349\\_20080826113239/Rendered/PDF/WPS4703.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2008/08/26/000158349_20080826113239/Rendered/PDF/WPS4703.pdf)

Extreme poverty—as judged by what “poverty” means in the world’s poorest countries—is found to be more pervasive than we thought.

Because of lags in survey data availability, these estimates do not yet reflect the sharp rise in food prices since 2005.

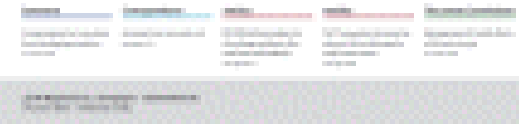
**“The developing world is poorer than we thought, but no less successful in the fight against poverty”**

# Crisis of Ecological Damage

- Global warming
  - 2 degree rise in temperatures inevitable
  - Threat of ‘tipping points’ .....

THE LANCET

"Climate change is  
the biggest global  
health threat of the  
21st century."



- We're failing on poverty *and* climate change
  - But we need *more* growth to reduce poverty faster
  - But we need to grow *less* to limit carbon emissions and control climate change
- How can we do both?
- Put another way:
  - Poverty: the greatest *cause* of ill-health
  - Climate change: the greatest *threat* to health?
- We *must* tackle both – but how??

# Crisis of Inequality

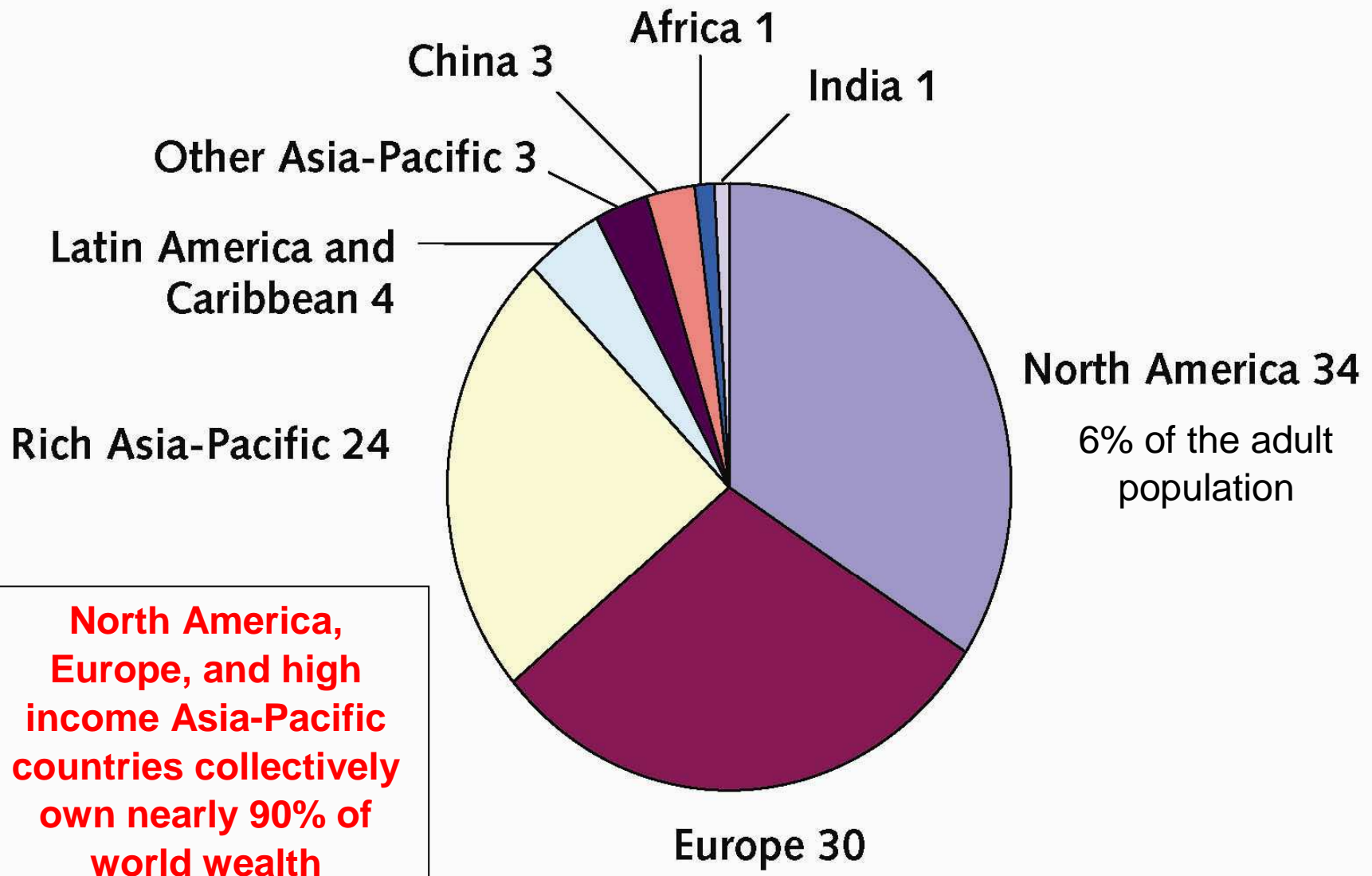
While GHW and WHO were producing their world health reports, Merrill-Lynch was producing the **World Wealth Report** ....

... celebrating the 10 million people with investable, liquid funds worth US\$ 40 trillion

# World Distribution of Household Wealth

- Davies, Sandström, Shorrocks and Wolff, 2006. *World Institute for Development Economics Research (WIDER)*
- Wealth = real property + financial assets – debts (more than income)

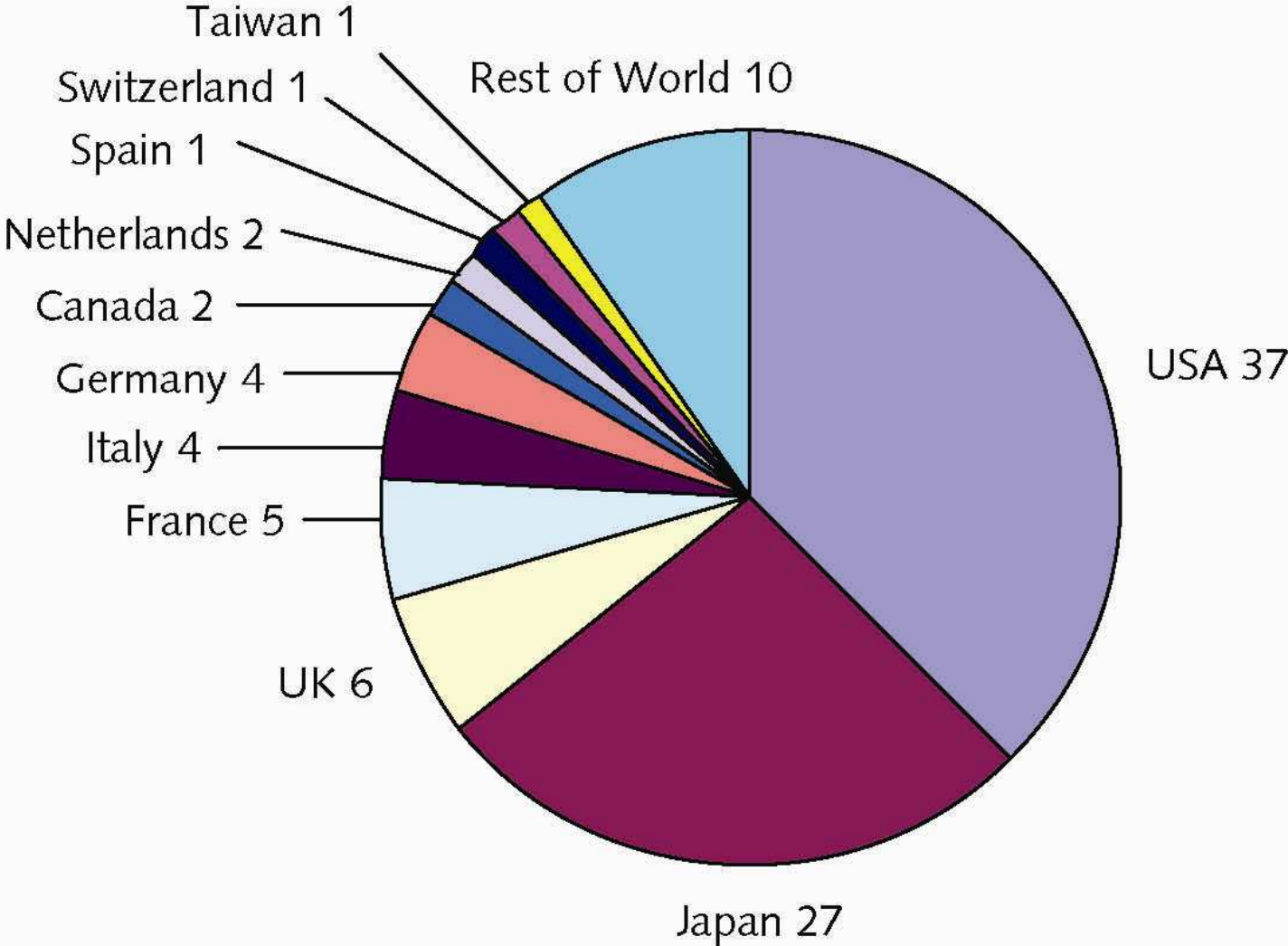
## Regional Wealth Shares (%)



# The global rich

- richest 1% owned 40% of global assets in 2000
- richest 2% owned 51%
- richest 5% owned 71%
- richest 10% owned 85%
  
- bottom half owned barely 1%

# Percentage Membership of Wealthiest 1%



“ .... in many cases, there is **a net financial outflow from poorer to richer countries**” (CSDH, p 38)

Hyper-mobility of financial capital and high-income individuals

Tax havens cost developing countries US\$ 50 billion per year

Losses due to capital flight, money laundering, the illegal shifting of profits and falsely declared import and export prices are higher

Capital flight from Africa estimated at \$148 – 278 billion annually

Illicit capital flight: \$800 – 1000 billion / year

Half this dirty money originates from LMICs.

5% due to political embezzlement and corruption

# Crisis of Governance / Justice

- Growing poverty, rising inequality and ecological collapse are not the outcome of natural, unanticipated, unfortunate or accidental events
- The unequal distribution of health-damaging experiences “is not in any sense a ‘natural’ phenomenon but is the result of a toxic combination of poor social policies and programmes, unfair economic arrangements, and bad politics” (CSDH p. 1) ..... “of policies that prize the interests of some over those of others – all too often of a rich and powerful minority over the interests of a disempowered majority” (CSDH, p 31)

## The CSDH highlights the influence of the World Bank and the IMF

- “These two institutions have taken on a powerful voice in the field of global governance, not only in their direct financing relations with countries, but also indirectly through their influence over the dominant paradigm of development policy and practice”. (p 169)
- But questions their legitimacy:
  - “ ..... their institutional processes and democratic credentials – to enable the diverse perspectives of countries’ development priorities, including priority for health equity – are, to say the least, questionable.” (p 169)
- And their approaches to development:
  - “From a social determinants of health point of view, the Poverty Reduction Strategy Process has been something of a missed opportunity. .... Many PRSPs remain devoid of attention to major determinants of health, such as employment”.

## **The GHW and the CSDH raise other concerns about global economic governance**

The power and undue influence of TNCs (over national governments, inter-governmental institutions, media, science, .....)

“The political, economic, financial, and trade decisions of a handful of institutions and corporations are having a profound effect on the daily lives of millions of people whose own voice and aspirations are not listened to or are dismissed by more powerful interests”. (CSDH p 157)

The Banking and Financial System

WTO

UN

What does this mean for the international health community?

# A New Mindset?



- The glass isn't even half empty
  - Transformative change is required
  - Overwhelming focus on economic growth and neglect of distributional concerns can no longer be tolerated
  - Do we need to become less tolerant?
- The social determinants of health matter
  - Economic policies need to be subservient to social and environmental goals
  - Markets need to be regulated by society
  - The struggle for health is a struggle for good governance and justice
- What about the financial crisis?
  - Reforms to global institutions
  - Different approaches for the South

- We can't afford to just be a global ambulance
  - Many aspects of aid are part of the problem
    - Charity / Aid – not redistribution or Justice
    - Apolitical and ahistorical
    - Top down, vertical and selective

Thankyou