

Economic governance, globalization and climate change: The bigger picture for SRH

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It is important for the international health community – including the SRH community – to understand and engage with globalization, global economic governance and climate change. If we do not, we run the risk of becoming a ‘global ambulance’, rather than tackling the real and underlying causes of health inequality and failing health systems. The crucial question is: how can we strengthen health systems, while simultaneously working to create a more progressive social, political and economic context within which health systems can function more effectively?

To begin to find an answer, we must look at four interconnected crises: those of under-development, ecological damage, inequality and governance.

1. 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. This runs contrary to frequent claims that global poverty levels have gone down. For example, in one recent publication, it was claimed that “global progress has been outstanding in terms of income poverty, thanks to the high performance of mostly Asian countries”.

However, a more in-depth analysis of the figures on income poverty will show the opposite. When we define poverty in terms of those living below US\$ 2/day, we find that the number of people living in poverty has grown. This does not even take into account the so-called ‘Ethical Poverty Line’, which is defined as the income level below which further income losses materially shorten life expectancy (which is estimated at between US\$ 2.80 and US\$ 3.90/day).

Additionally, 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 (see Thomas Pogge and Sanjay Reddy (2006) ‘Unknown: the Extent, Distribution, and Trend of Global Income Poverty’ and Sanjay Reddy and Thomas Pogge (2005) ‘How *Not* to Count the Poor’, Version 6.2, UNDP Poverty Centre).

2. Crisis of Ecological Damage

Climate change will have a catastrophic effect on large parts of the world population. This can already be seen and felt in many places, particularly sub-Saharan Africa, as changes in weather patterns affect productivity, agriculture and other essential aspects of well-being. The Lancet has called climate change the biggest health threat faced by the world in the 21st century. We must tackle poverty reduction and find ways to limit growth in our own countries if we are to limit carbon emissions and control climate change. How to do this remains a big question.

3. Crisis of Inequality

In 2002, the richest 1% owned 40% of global assets; the richest 2% owned 51%; the richest 5% owned 71%; the richest 10% owned 85%; and the bottom half of people globally owned barely 1% of world wealth. From the wealthiest 1% of the world:

- 37% are from the US
- 27% from Japan
- 23% from Europe (with the UK leading, followed by France, Italy, Germany, the Netherlands, Spain and Switzerland)
- 2% from Canada
- 1 % from Taiwan and
- 10% from the rest of the world.

Talking about poverty is not enough – it must be seen in the context of inequality. What we have now is a global economic system that has contributed to the generation of large numbers of people living in poverty, *and* the accumulation of large amounts of wealth in a small number of hands.

Moreover, the net financial outflow from poorer to richer countries is enormous, thanks, for example, to the increasing hyper-mobility of financial capital and the existence of tax havens. It is estimated that tax havens alone 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 much higher. Capital flight losses from Africa have been estimated at between US\$ 148 and US\$ 278 billion annually.

4. Crisis of Governance

The problems described above are not the result of unfortunate, accidental or natural events, but of political, social and economic failures. The WHO Commission on the Social Determinants of Health (CSDH) pointed out that 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). To understand the real damage of global economic governance on the life and health of poor people, it is essential to study, question and criticize the power and influence of trans-national institutions such as the World Bank, the IMF, and others. The final report of the CSDH (http://www.who.int/social_determinants/thecommission/en/index.html) highlights the influence of the World Bank and the IMF – not only through their direct financing relations with countries, but also indirectly through their influence over the dominant paradigm of development policy and practice. It also highlights and strongly questions their legitimacy. The CSDH, however, has minimal influence.

What are the implications for the International Health Community?

What do we do as members of the international health community; as doctors, nurses, people working on health programmes etc.?

We need transformative change and a change in mindset. The overwhelming focus on economic growth and neglect of distributional concerns can no longer be accepted. Those of us in the international health community need to become less tolerant of these

injustices. The social determinants of health matter and economic policies need to be subservient to social and environmental goals. In addition, markets need to be regulated by society. The struggle for health is a struggle for good governance and justice.

There has been a sense of complacency in the health sector as we have seen our budgets rise in recent years. The rise in official development aid, particularly for the health sector, cannot excuse our anger for the much bigger insult being applied to the rest of the world population.

We can look at the financial crisis as an opportunity to push for substantial reforms to the way international financial institutions are governed. The IMF and World Bank are not governed in a democratic, just and transparent way. The IMF has been given huge amounts of money and expanded power, remit and mandate, without any changes to the way it is governed and structured. If we do not act quickly, we will miss the opportunity to reform the architecture of the institutions which govern the global economy.

Another area to look at is how countries in the global South choose to integrate themselves into the global economy or, as alternative economists have discussed, how these countries can disengage from a global economic system that is essentially exploitative. This is just one example of the range of alternative development and economic policies being put forward to enable poor countries to stop subsidizing the countries in the global North, and make better use of their resources to support human development.