

Building a fairer world

- 2.7 billion people live on less than US\$2 a day – a rise of 10% since 1987
- Healthy life expectancy is 39 in Africa compared to 66 in the developed world
- The annual amount of development assistance spent on health by all developed nations – US\$10 billion – is equivalent to the amount spent on ice cream in Europe
- Whilst the wealth of the developed world has risen by more than 150% since 1960, aid per capita has risen by just 10%
- The power and wealth of multinational corporations has grown out of hand. Of the 100 largest economic entities in the world, 51 are businesses.
- The combined sales of the top 20 businesses are 18 times the combined income of the poorest 25% of the world's population

The world we live in is deeply polarised. Health and poverty statistics record the disparities but can only hint at the misery faced by those at the bottom of the pile.

Large amounts of the natural resources of developing countries have also been captured and brought under the control of rich countries through a variety of instruments that include unjust property rules, unfair terms of trade, collusion with despots and undemocratic governments and economic conditionalities imposed through development assistance. Many of these resources are extracted and controlled by unaccountable multinational corporations, and are used to feed the environmentally unsustainable lifestyle patterns of the wealthy minority.

These inequalities are ethically intolerable, especially in a world where globalization is bringing us closer together. What can be done to change this?

Reform trade and the governance of the global economy

The *Watch* describes the serious problems with the current structure and processes of global governance, which are rooted in the economic inequalities that exist between different nations. Decision-making power in the World Bank and the

International Monetary Fund for example is based on financial contributions, which leads to deeply skewed representation. At the World Bank, the US alone holds 17% of the votes, whilst 47 countries in sub-Saharan Africa hold 7%.

Unfair trade drives the widening gap between rich and poor, keeping hundreds of millions of people locked into poverty and limiting the development prospects of low and middle-income countries. Trade is also promoted without enough attention to the safeguards and regulation required to prevent and reduce environmental degradation, unemployment, exploitative labour and exposure to health threats (box 3).

Whilst decision-making in the World Trade Organization is nominally based on one member one vote, in practice the developed countries, with their large trade delegations and financial bargaining power call the shots.

At the same time, large corporations wield huge and unaccountable influence on the governments of rich nations and promote global trade and financial regulations that weaken citizenship and the sovereignty of governments, particularly in developing countries.

What needs to happen

- Developed countries must meet their pledges to open their markets to goods from the developing world, especially in agriculture and textiles. They must keep their promises to reduce subsidies to their own producers when this results in unfair competition and destroys young industries in developing countries. Southern governments must also be given more room to protect their fragile economies from unfair competition.
- Global, bilateral and regional trade agreements must undergo health and equity impact assessments, and be subject to greater parliamentary and public scrutiny.
- The World Bank, WTO and IMF must be reformed to represent and act in the interests of the poorest people and held accountable for their part in perpetuating poverty and fuelling inequity.
- The United Nations system, an anachronistic institution governed by a structure and rules that were instituted in a bygone era, requires fundamental reform to promote greater equality between countries, fairer globalisation and the fulfilment of universal health rights.

Support human development through further debt cancellation and development assistance

The recent G8 Summit has made progress towards cancelling debt and improving levels of development assistance. This has followed upsurges in public mobilisation to demand a fairer deal for the poorest people (box 4).

However, progress is still far too little and too slow. Millions of people continue to bear the brunt of debt repayments for loans that they had no part in making or benefiting from. Most developed countries do not spend 0.7% of their national income on development assistance – as they agreed to 30 years ago.

The Watch also describes how development assistance is part of the problem when it is used to force countries to undertake neoliberal reforms and open up their markets – processes that often benefit donors and large multinational corporations. Some donor countries also insist that aid is used to purchase goods or services from them – what is known as ‘tied aid’.

In the health sector, development assistance often comes in the form of uncoordinated programmes and initiatives which undermine the ability of governments to develop coherent, long-term, health care plans.

What needs to happen

- The recent developments on debt cancellation need to be deepened and expanded, but without being funded out of aid budgets. At the very least, public expenditure targets for health, education and household food security should take priority over any debt repayments.
- Donor countries must meet the UN target of 0.7% of GNP by 2010 and not by 2015 as promised by some countries.
- Debt cancellation and development assistance must have no conditions attached except with regards to standards of

transparency and accountability in the use of money, and must be ‘untied’.

- In the health sector, development assistance must be better coordinated, responsive to national priorities and contribute towards the formation of equitable health care systems in developing countries.

Extend the principle of fair taxation

A huge amount of wealth is created and traded at the global level, much of it inappropriately exempt from tax. The *Watch* contains details of how corporate tax evasion costs governments up to US\$255 billion annually in lost tax revenues.

There are other potential sources of revenue to fund human development – a currency transaction tax, an arms trade tax, a global environmental tax and an airline tax. These could also provide incentives to avoid sources of social harm and environmental damage.

These proposals embody principles of fair distribution of the world’s resources and should take precedence over the concept of charity and ‘debt forgiveness’.

What needs to happen

- Governments should agree to set up an international tax authority with a mandate to eliminate tax evasion and raise revenue for development at the global level.
- Governments should explore – and implement – new forms of development financing such as the currency transaction tax.

Tackle corruption and oppression

The transfer of resources from rich to poor countries is often opposed by arguments that poor countries are corrupt and run by oppressive governments.

However, corruption exists in all societies and the agents of corruption and oppression in poor countries often involve actors from the developed world.

Corruption thrives when public administrations are underfunded, unaccountable or captured by vested interests. Oppression is sustained through illegitimate arms deals primarily benefiting the arms manufacturers of the developed world. Widening disparities between and within countries are in themselves catalysts for corruption, emphasising even further the importance of addressing inequalities.

What needs to happen

- More donor investment for publicly accountable legal and regulatory frameworks to monitor corruption.
- More investment in public sector budget monitoring processes within countries.
- Rules, procedures and funding for mechanisms to make corporate accounts transparent and open to public scrutiny.
- Citizens in rich countries should monitor the complicity of their own governments and businesses in sustaining corruption in poor countries and campaign for donors to sign the United Nations Convention Against Corruption.

BOX 3

Harmful effects of trade

While trade can raise living standards and improve health, it can also do harm. Examples of this are:

- Corporations seeking low-waged, non-unionised labour in poor countries and ignoring occupational and environmental health.
- Growing control over food production by a few global corporations squeezing out small producers and reducing access to nutritious food.
- Pressure from rich nations to open up markets to their corporations in essential services such as water – a process being facilitated by the General Agreement on Trade in Services (GATS).
- Greater distances between producers and consumers, leading to environmental damage through transportation of food and other goods.

BOX 4

Jubilee 2000 – the power of global solidarity

Jubilee 2000 was launched in the mid-1990s to tackle the failure of rich governments, the World Bank and International Monetary Fund to recognise that debt cancellation was both moral and necessary for development.

The campaign successfully mobilised civil society across the world and 24 million people signed the world's largest petition. At the G7 Summit in Cologne in 1999 Jubilee 2000 persuaded creditors to promise US\$100 billion of

debt cancellation.

Although this promise has not been delivered in full, there has been some debt relief and campaigners have kept up the pressure.

Jubilee 2000 showed that a broad coalition – which included prominent groups of health professionals – can increase popular understanding of global problems, apply pressure and bring about change.



Medical students demand debt cancellation (Andrew Ward)

What can health workers and campaigners do to build a fairer world?

- Demand and campaign for:
 - An international delegation of public health and trade experts to be nominated and mandated to attend subsequent rounds of WTO negotiations. They would provide advice and public health warnings to the finance and trade ministries of developing countries and submit a high-level report on the health and equity impact of all WTO decisions. This should start with the Hong Kong talks in December 2005.
 - WHO to declare the reform of the UN, WTO, World Bank and IMF key global public health priorities.
 - An international tax authority and new sources of finance for development and health.
 - The independent monitoring and assessment of the policies, quality and health impact of official donor programmes
- Publicly endorse and support campaigns for fair trade, debt cancellation and more aid, for example the Global Call to Action against Poverty (<http://www.whiteband.org>), in the run up to the UN's Millennium Summit in September 2005 and beyond.
- Promote greater education for health workers and undergraduate health science students on the global health challenges highlighted in the *Watch*.
- Develop ethical procurement policies and 'fair trade' practices within the health care system.



Health care under pressure, village clinic, Mali. Low-income countries like Mali need a better deal in the global economy if health is to improve (Jan Banning/Panos Pictures)