

The G20 and the three global crises: what prospects for global health?

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The global economic crisis that started in 2007 in the United States of America (USA) plunged the entire world into a state of shock and is expected to significantly damage our future health* [1]. In the USA, some of the policy-makers that have contributed to the crisis by failing to adopt regulations of complex financial transactions [2] such as Lawrence Summers, Timothy Geithner and Robert Rubin are now in charge of “cleaning up the mess” in the Obama administration [3]. So far, they have taken no serious action to re-regulate the financial system and the only concrete measure adopted has been to bail out the “too-big-to-fail” collapsing banks. The bail out, used not only to rescue the banks but also to pay executive bonuses [4], resulted in what Joseph Stiglitz defined as “privatizing the gains, socializing the losses” [5].

As the crisis moved beyond the American borders, however, a “global economic recovery package” had to be developed. The leaders of the 20 largest economies of the world met last April to design it. The G20 summit was an opportunity to examine the economic causes of the crisis including failures of financial regulations, mistakes in monetary policy, global imbalances and excessive polarization of national and international income [6,7]. The G20 leaders have not addressed any of them. They came up with a series of vague pledges and the bail out of the International Monetary Fund (IMF) [8] with a blank check of \$750 billion and no conditions attached. The IMF will be rescued by a crisis that

* Although some counterintuitive studies have shown that recession can be accompanied by falling mortality rates, such findings are restricted to short periods of recession and developed societies (that have welfare systems in place.) There is large evidence, on the other hand, that economic recessions are associated with increases in adult male mortality in Russia, Thailand, Mexico and Sweden, higher child mortality in Peru and Indonesia, and increased suicide rates in Japan, New Zealand, Russia and the US. [1]

failed to foresee or prevent, and a response it persistently opposed when advising developing countries [9].

The IMF bail out and the list of vague pledges to alleviate the symptoms of a collapsing global economic system may be considered the most evident disappointment of the summit. Yet, it is not the most important one. The G20 summit did not only fail to address the economic causes of the crisis, but also to conceptualize it as one of the multiple crises of our current model of global development. As the global financial crisis unravels, another crisis, that has already seriously affected global health [10], can sweep away not only our global economic system, but human civilization as a whole [11]: the global ecological crisis. The global economic and ecological crises have different causes, but many similarities. They are both rooted in the growing disjuncture between the real economy and finance [12] as well as in the proliferation of easy credit enabling consumers to live beyond their means resulting in patterns of unsustainable consumerism [13]. They are both consequences of policies that in the name of “free movement of capital”, “free exchange rates” and “free markets” redistribute wealth upwards, widen economic gaps at the national and international level and promote debt-fuelled consumption and hyper-exploitation of natural resources. Ultimately, both crises are side effects of a model of development based on the myth of “unlimited economic growth in a limited planet” that prioritizes the interests of capital and markets over those of people and the ecosystem [12].

In spite of their differences and singularities, therefore, the global economic and ecological crises require shared solutions. However, the G20 completely ignored the interrelations between the two crises. Not so the United Nations (UN), however, that called for a “Global Green New Deal” involving not only a system of

regulations of capital and markets, but also a pervasive transformation of society in the urgent effort to rapidly reduce over-consumption and reliance on fossil-fuels. According to the UN proposal, the resolution of the crises require massive state interventions with investment in low carbon technologies, health, education and human services as well as incentives to reduce wastes and unnecessary consumption [14]. Such interventions would also have the potential to create positive direct and indirect effects on health through jobs creation and the development of social safety nets protecting the most vulnerable populations from the adverse impact of the crises. The crises, in other words, can be transformed into opportunities to promote global health.

The failure of the G20 to address the two crises and identify plausible solutions, however, largely depends on a third crisis: the global democratic crisis. A “Global Green New Deal” would require financial resources that could only be raised through large increases in taxation especially on big business and the rich. The deal would also inevitably result in downward economic redistribution [15] with a fall of relative income and wealth of those at the top of the distribution that, in the United States, has continually increased since the late 70s [6]. However, under the prevailing political conditions, choices about economic interventions such as levying taxes are limited by the influence of powerful corporations over governmental institutions [16]. The anticipation of capital flight after liberalization of capital flows, for example, has often limited the ability of national governments to adopt redistributive policies [17] making the democratic process behind the choice of economic policies limited at best, irrelevant at worst. Corporate and financial sectors interests have also progressively dominated the policy agenda of international institutions such as the IMF, World Bank and World

Trade Organization that since the 80s have applied “one-size-fits-all” neo-liberal policies in a large number of developing countries limiting policy options and independent development [18]. At the national level, the rising capability of wealthy elites and big corporations to subvert the democratic process and control public policies occurred especially through large increases of financial contributions to political campaigns [19], the increasing numbers of corporate lobbyists working full-time in cities such as Washington DC and Brussels [20] and the increased concentration of media ownership in a few big companies [21]. At the same time, the advent of globalisation policies have been associated with lower electoral turnout [22], a decrease of unionism [23] and rising political mistrust as observed in time-trend analyses in most developed societies [24] particularly in the United States where in 2004 almost two thirds of citizens agreed that their government is run by a few big economic interests looking out for themselves [25]. The overwhelming role of capital in shaping politics and policies at the national and global level transformed governments in what can be defined as “the best democracies money can buy.”

After all, the incapability of the G20 to address the global and ecological crises by solving the global democratic crisis is inevitable. The G20 itself is an undemocratic institution, largely shaped by the commercial and business interests of powerful corporations and wealthy investors. Indeed, the formulation of global policy solutions to resolve the three crises should not be the responsibility of the G20, but of the G-192 (that is, United Nations General Assembly) and new global political institutions in charge of regulating capital, markets, taxation and welfare and representing the interests of all citizens of the world. Indeed, although markets and capital are now global, our system of

democratic institutions is national and increasingly impotent in the face of transnational corporate powers. In order to chart a new trajectory of development policies that prioritize the interests of people and the ecosystem above those of capital and markets, genuine democratic institutions at the global level are necessary and can only function well when vigorous social movements and independent media organizations will work together to make them taking democracy seriously. Until that moment, however, the prospects for global health will continue to be unpromising.

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