

Global Health BSc
St Mary's School of Medicine

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**Globalization and problems of
equitable development**

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Content

1. Defining and understanding globalization
2. Economic globalization trends and development
 - Trade
 - Investment
 - Finance
3. International trade and Ill-health in developing countries
4. Conclusions

1. Defining and understanding globalization

- i. Precedents**
- ii. What is globalization?**
- iii. What are the main mechanisms?**
- iv. Which are the leading institutions?**
- v. Achievement and failure of globalization**

i. Precedents to globalization

- Departure from the Bretton Woods economic order (1950-1972)
- Adoption of market reforms economic and policy reforms (since 1973 onwards)
- The Washington Consensus (1989)

ii. Defining and understanding globalization

Globalization is a vague concept

It is claimed that increases the wealth of nations

Globalization is ...



... an elimination of barriers to trade, communication, and cultural exchange. The theory: worldwide openness will promote the inherent wealth of all nations (WC, 1989) .



... a process in which economic markets, technologies, and communication patterns gradually exhibit more 'global' characteristics , and less 'national' or 'local' ones (OECD, 1997).



...the closer integration of the countries and peoples of the world which has been brought about by the enormous reduction of costs of transportation and communication, and the breaking down of artificial barriers to the flows of goods, services, capital, knowledge, and people across borders (Stiglitz, 2003).

More than one globalization?

- Political globalization: human rights, democracy, labour standards, environmental standards; greater coordination of actions by governments and other institutions across the globe
- Environmental globalization: increasingly global effects of human activity on the environment, not necessarily positive
- Cultural globalization: connections among languages, ways of living, and a tendency towards global homogeneity
- Economic and political globalization through liberalization means the greater global connectedness of economic activities, through **transnational trade; finance: capital flows and investment; and migration.**

iii. The rules of globalization: the Washington Consensus

- Coined by John Williamson in 1989
- Describes a set of specific economic policy prescriptions
- Macroeconomic stabilization
- Economic opening to trade and investment
- Expansion of market forces within the domestic economy
- Privatization, trade liberalization, and deregulation
- **10 rules** for developing countries: ***one size fits all***

Following the Washington Consensus:

- **Liberalization** (neo-liberalism):
relaxation of restrictions, deregulation, market reform, 'freeing up' markets
- **Privatization**
of previously public services, state-run organizations, and others
- **Macro-stability**
create a climate to attract investment which is supposed to create growth.
- **Ideological** approach: viability and legitimacy

iv. Leading institutions

a. Multinational corporations

Capital, goods,
technology, people,

MNC (multinational
corporation/s)

b. International civil organizations

- United Nations
- International Red Cross
- World Health Organization

Humanitarian, peace,
decent work, global trade
liberalization

c. Economic institutions

International Monetary Fund IMF

International Monetary Fund
Cooperative, public
Focuses on crisis; may lend money
Overseer of orderly monetary system and guardian of economic stability

World Bank, WTO

World Bank - investment bank, mediates between investors and recipients, promotes economic and social progress in LDC (less developed countries). Advice and training

World Trade Organization WTO since 1995. Powers over national governments. Clear and stringent rules to govern global trade liberalization

v. **Achievement and disappointment**

Globalization achievements

- Quicker economic growth
- International trade flows
- Access to jobs
- Access to knowledge
- Interconnectedness

Globalization failures

- Countries in crisis, lack of stability and funds; IMF imposes conditions
- Persistent poverty in LDC - World Bank
- Invasive trade regime - WTO
- Unprecedented global environmental degradation
- 'Haves' and 'have-nots': people in the Third World living on less than a dollar a day increasing
- Uncertainty of ability of environment to withstand pressures of globalised large scale economic activity
- Places new stresses on environmental resources worldwide
- Health impacts of economic globalization trends

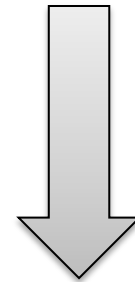
2. Economic globalization trends and development

- i. International Trade**
- iii. Foreign Direct Investment**
- iv. International Finance**

Economic globalization and problems for developing countries

- i. International Trade**
- ii. Foreign Direct Investment (FDI)**
- iii. International Finances**

Principles and theory



Problems of development



Has globalization improved wellbeing in developing countries?

i. International Trade

- Global free trade: transport costs and protectionist barriers fell
- LDC manufactured exports growth - creates new jobs - NIE
- Theory: ITL enhances a country's income by forcing resources to move from less productive uses to more productive uses aimed to utilize a nation's *comparative advantages*
- Enhances stability by diversifying the sources of funding

International trade: problems

- LDC lowered trade barriers. Advanced countries maintained subsidies where many developing countries have a comparative advantage.
- Short of capital and entrepreneurship
- Moving resources from low productivity to zero productivity
- Conditions and fast pace reforms requested by IMF

Case studies in South America:



Example of international trade and problems of equity: agriculture in Bolivia

- Aim: bring down trade barriers and eradicate the growth of coca
- Comparative advantages
- Alternative agriculture: gates for exports closed



ii. Foreign direct investment (FDI)

MNC central to expansion of FDI globally

- Theory: **Privatization, liberalization and macro-stability** create the climate to attract investment, which creates growth
- Brings with it technical expertise and access to foreign markets
- Creates new employment possibilities and industries
- Access to source of finance, especially important in those LDCs where local financial institutions are weak
- Central role of MNCs: FDI, generation, diffusion of R&D and Technology - Product market integration

Foreign direct investment: problems

- Inflow of capital may impede development (dual economy): due to currency appreciation: cheap imports, expensive exports
- May undermine national industrial and technology strategies
- Often destroys local competitors, crush down small and medium national entrepreneurs
- Undermines national industrial policies and social arrangements
- Loss of demand for low-skill workers in developed economies - wages differentials

Examples of FDI and equity problems

- Gold mine Yanacocha, Peru: environmental impacts, economy and resource extraction
- Coca Cola and Pepsi: local producers of drinks
- WalMart in the USA and other countries: local shops



Source: BBC News, 2002



Source: fruitfulista.com

iii. International finance

- Theory: the greater financial strength of foreign banks can enhance financial stability in the local countries
- Extraordinary level of international financial transactions
- When borrowing, LDCs pay a premium of developed country interest rates to reflect their greater default risk
- Financial strength of foreign banks can enhance financial stability in the local countries.

International finances: problems

- Absence of productive capital (but there is financial capital)
- The challenge is not only to create sound banks but also to create banks that provide credit for growth
- The failure of international investment may itself lead to macro-instability instead

Example of international banking and problems of development

- 2001-02 : worst ever financial crisis in Argentina
- Banks blockade, the *Corralito*
- Banking collapse
- Reduction of productive growth



3. International trade, poverty and ill-health: is there a relationship?

i. The agro-export model in Argentina, cancer and other diseases

ii. Global electronics, e-waste and illness in China

i. The agro-export model in Argentina, cancer and other diseases

- Economic liberalisation: agro-export crops
- integration in global markets: shift of national investment and FDI into profitable crops
- economic model : trade barriers cancelation, deregulation of environmental standards and land concentration
- agro-export country – uses its '*competitive advantages*'

Argentina:

- World's second biggest grower of soya
- GMO soya since 1996
- In 2009, soya was planted on a record 18 mill' hectares, about half of the country's farming land.
- Economic boom: record profits for **soy farmers** and **multi-nationals**

Soya fields in Ituzaingo, Cordoba, Argentina



Equity problems with the agro-export model of Argentina

- Economic dependency on transnational investments
- Agricultural system heavily dependent on agrochemicals, GMO seeds and expensive machinery
- Food sovereignty is at risk
- Problems with maintaining local produce growth
- Rural populations have been displaced
- The number of small farms has dropped significantly
- Inequality and unemployment have increased
- Environment: Deforestation, soil and water badly contaminated
- Unacknowledged health effects

International agro-export model and ill-health in Argentina

- 5,000 live people in Ituzaingo, city of Cordoba, Argentina
- 300 cancer cases (e.g., Hodgking, Lynphatic, Leukemia) found
- Expected cases for leukemia: 1-3 in 100,000 people
- Other diseases such (e.g., Lupus, Hemolytic Anemia)

Main culprits:

- **Glyphosate**: most widely known pesticide in Argentina.

Marketed under: Roundup by MNC Monsanto

Associated with high incidence of birth defects

- **Endosulfan**: potent insecticide Banned in many countries for its devastating effects on health
- Also heavy metals - **plumb, chromium, arsenic** - in domestic water tanks above the roofs of homes, and in soil

Ill-health in Ituzaiingo, Cordoba, Argentina



Investigan si plaguicidas causaron leucen

En barrio Ituzaiingó confirmaron siete casos. Autoridades descartan contaminación del agua y apuntan a los campos

Brisa está por cumplir 4 años. Hace casi dos meses que Julio y Norma, sus padres, la llevaron al dispensario del barrio, preocupados por una fiebre demasiado persistente. El diagnóstico fue angina y el remedio, antibióticos. Sin embargo la fiebre continuaba, por lo que decidieron llevarla al Hospital de Niños. Allí le efectuaron otros estudios y descubrieron que la niña tenía leucemia linfática aguda. Pasó un mes internada. Ahora divide su tiempo entre su casa y el hospital, donde se somete a intensivos tratamientos.

En su humilde hogar de barrio Ituzaiingó, anexo, Brisa mantiene el ánimo inalterable: juega con las cosas de la mesa y sabeva una golosina, mientras sus padres -ambos desocupados- no saben cómo conseguirán las drogas que ella necesita para el próximo viernes.

“La tasa de leucemia es altísima”, reconoció el ministro de Salud, Roberto Chait, quien precisó que lo estadísticamente esperable es un caso cada 100 mil habitantes. Y admitió que se investigan todos los factores ambientales que puedan causar esta situación, así como los factores individuales que se vinculan con esta patología.

Los vecinos vinculan el problema a varias causas: la cercana presencia de transformadores de Epec, el humo que emana la planta de tratamiento de graso animal (refinería del Centro), el agua que se distribuye en un tanque cisterna y las constantes fumigaciones en los campos de soja, por vía terrestre y aérea.

Descartan causas
Con respecto al agua, tanto el titular de Córdoba Ambiente, Sergio Nirich, como el ministro Chait, manifestaron que están en marcha nuevos estudios del agua en base a una mayor cantidad de muestras y, a la vez, más sofisticados que los anteriores, que incluso podrían ser realizados en laboratorios de mayor complejidad que el Coprococ.



Los vecinos muestran los campos de soja que son fumigados constantemente por tierra y por aire.

Cifras inusuales
En un radio de pocas manzanas, hay otros seis casos similares a los de Brisa, confirmados por el Ministerio de Salud de la Provincia, además de otras 13 personas afectadas con enfermedades crónicas severas, como anemias ferropénicas y lupus.

Hace por lo menos dos años que los vecinos del lugar comenzaron a constatar la llamativa cantidad de niños con leu-

En cualquier caso, tanto Nirich como Chait anticiparon que se están realizando nuevos estudios del agua en base a una mayor cantidad de muestras y, a la vez, más sofisticados que los anteriores, que incluso podrían ser realizados en laboratorios de mayor complejidad que el Coprococ.

Muestras
Además, la Agencia Córdoba Ambiente tomó muestras del suelo por debajo de los transformadores de energía eléctrica en la zona

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PIEN AYUDA
Los padres de Brisa, afectados con la leucemia de su hija, buscan un trabajo estable en una de las 25 ciudades de la provincia para comprar los medicamentos necesarios para su hija. Para cualquier información, llamar al (0351) 497 4974817 (Nandó).

El pro de la f de cor

La ley de agro sancionada e implementa el uso de agroquímicos en Córdoba. Sin embargo, los vecinos del barrio Ituzaiingó, afectados por la leucemia de su hija, buscan un trabajo estable en una de las 25 ciudades de la provincia para comprar los medicamentos necesarios para su hija. Para cualquier información, llamar al (0351) 497 4974817 (Nandó).

ii. Global electronics, e-waste and illness in China

- Integration of China in world trade: producer, exporter and consumer of global electrical & electronic equipment (EEE)
 - **Second** producer, and **first** importer of electronic waste in the world
 - 80 percent of the e-waste found in China comes from overseas
 - *Competitive advantage*
- City of Guiyu, Guangdong: one of the largest electronic waste dump sites on Earth
 - Workshops thrive on dismantling e-waste and extracting valuable elements, e.g., steel, aluminium, copper, plastic and gold
 - 100,000 men, women and children receive US\$1.5 per day in this job.

E-waste and ill-health

- After extraction of valuable material, people sell it and dump the rest in soil and rivers
- Health problems originate when dismantling and disposal of unused material.
- The highest worldwide concentration of polybrominated ethers observed among e-waste workers in Guangdong



The impact of high levels of exposure to Polybrominated diphenyl ethers (PBDEs)

| | | |
|---|--|---|
| Polybrominated diphenyl ethers (PBDEs) has been linked to the following | Learning, behaviour, and memory problems | (Viberg 2003) |
| | Liver toxicity and cancer. | U.S. EPA classifies deca form of PBDEs as a “possible human carcinogen” (ATSDR 2004). (NTP 1986). |
| | Thyroid problems | (Zhou 2002) |
| | Reproductive problems | (Schreder 2006) |

4. Conclusion

Globalization and problems of equitable development

Defining and understanding globalization: processes, institutions, mechanisms, the Washington Consensus

International trade, investment and finance: **mismatch** between theory and results

Economic globalization as the context of ill-health in developing countries

Globalization and Equity: Some policies promote growth but have little effect on poverty

Some promote growth but actually increase poverty

And some promote growth and reduce poverty at the same time

Sometimes there are **lose-lose** policies for which there is little if any gain in growth but a significant increase in inequality and ill-health

Agro-export model and cancer; e-waste and severe ill-health

Globalization and problems of equitable development

The end Thank You

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