

Still no clarity on MC12 outcome

What agreements will emerge from the WTO's 12th Ministerial Conference is mired in uncertainty as divisions continue to dog member states just weeks before the 12-15 June meeting. Among the unresolved issues is the trade body's institutional response to the pandemic, including how it plans to unfetter manufacture of COVID-19-related products from constraints posed by intellectual property rights.

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131 Jalan Macalister
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Tel: (60-4) 2266728/2266159
Email: twn@twnetwork.org
Website: <https://twn.my>

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THIRD WORLD ECONOMICS

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WTO members still far apart on many issues as MC12 nears

Continued uncertainty surrounds the format and expected outcomes of the 12th WTO Ministerial Conference with limited time left before the meeting is due to take place.

by D. Ravi Kanth

GENEVA: With less than five weeks left before the World Trade Organization's 12th Ministerial Conference (MC12), members remained far apart on the proposed deliverables, the structure and format of MC12, as well as on the outcome document among others, said people familiar with the discussions at a WTO General Council (GC) meeting on 9 May.

At the GC meeting, statements made by WTO Director-General Ngozi Okonjo-Iweala and GC chair Ambassador Didier Chambovey from Switzerland suggested that things could become clearer at a "stocktaking" meeting to be convened in the first week of June.

In her statement, the DG upped the ante on the need for a "responsive WTO" to "meet the many challenges of our time and deliver on the aspirations of the people we serve."

For ministers to take an important step at MC12, scheduled for 12-15 June, the DG said that members "need to properly lay the foundation for this to happen when ministers arrive in a few weeks."

She recognized that "delegations are aware of the limited time left and we need to manage expectations" while acknowledging "the desire to work on all pillars and work towards deliverables in a realistic fashion."

In his statement at the meeting, GC chair Chambovey called for intensifying "efforts to prepare and finalize as much as we can in the weeks ahead before our ministers arrive". He said that the DG and he believe that it would be useful to convene a "stocktaking" meeting at the beginning of June in order to structure the agenda of MC12 and to guide the engagement of ministers.

Earlier, at an informal Trade Negotiations Committee (TNC) meeting on 4 May, the GC chair had indicated that the outcome document of MC12 would

contain: "(i) a consensual first part, based on the work undertaken last year under the leadership of my predecessor contained in [WTO document] RD/GC/17/Rev.2; (ii) a second part that could contain a list of decisions, work programmes, separate declarations and reports – as was also reflected in the draft outcome document; and (iii) a third part containing a factual summary by the Ministerial Conference Chair, under his own responsibility, of the discussions by Ministers throughout the Conference."

Expectations for MC12

At the GC meeting, China said it hoped that "all relevant information, especially on ministers' activities, could be circulated as early as possible, as detailed as possible and as certain as possible." In the meantime, it was important to "avoid any surprises; those non-traditional events should be consulted with members before making the decision."

On the outcome document, China said it would prefer a ministerial declaration as far as possible, adding however that it remained flexible on having a Chair's summary on issues where consensus cannot be reached. A Chair's summary, it said, must not be politicized but focused on WTO business, and should reflect members' views in a balanced way. And all members' voices should be heard.

China also said that "as the world is facing a compounded crisis, it has been noted that trade measures are becoming inward-looking and even politicized," adding that "growing restrictive measures have severe impacts on economic recovery, supply chain and food security." It hoped that MC12 "could send a strong signal that WTO members recommit to pursuing open and free markets, and refraining from taking such restrictive measures as far as possible."

The EU said it was ready to work on

the MC12 outcome document, suggesting that it would work on the three-part approach as outlined by the GC chair. It urged members to focus on the first and second parts, adding that it would “consider a potential Part 3 (Chair’s assessment) depending on whether it would be necessary, as well as its potential content.”

Cameroon, speaking on behalf of the African Group of countries, expressed hope that MC12 would “respond to the longstanding expectations of our people in areas such as agriculture, which remains the focus of our concerns.” It said it would not favour an approach “to postpone issues to an uncertain future, issues that have long been on the table.” It added that the African Group “has formulated proposals on public stockholding, domestic support measures, Special Safeguard Measures and SPS [sanitary and phytosanitary measures] rules, [as well as] cotton.” It stressed that “without prejudice to other topics such as the response to the COVID-19 pandemic, TRIPS and fisheries which we will address later, we want to see progress in these discussions on agriculture.”

Cameroon said “it is essential that we stick to our mandate by focusing on the topics that fall within our competence. It is also imperative that all issues are resolved and that our ministers do not have to negotiate texts.” “The search for this consensus,” it added, “must be done in a transparent, inclusive manner that is representative of the diversity of the members and the plurality of views that emerge.”

WTO’s pandemic response

Meanwhile, with regard to the WTO’s response to the pandemic, which is targeted as one of the main outcomes for MC12, Ambassador Dacio Castillo from Honduras, who has been tasked with facilitating agreement on trade-related measures to be adopted as part of the response, has indicated several difficulties in arriving at a common text.

In his statement at the 4 May TNC meeting, Castillo had said that “on export restrictions and prohibitions, and transparency – I heard the desire to find language that is acceptable, and efforts are continuing in this regard.”

According to the facilitator, “transfer of technology is an important issue for a group of Members for resilience and

preparedness.” He said “these Members pointed out that this issue should not be limited to TRIPS. They noted that the Working Group on Trade and Transfer of Technology had not been responsive to their needs, and they were seeking a mutually agreeable way of ensuring transfer of technology to address economic issues – be it on the digital economy, the environment or on trade and health.”

He said that “food security is a critical issue for a number of delegations – not only in the context of the pandemic, but it has become even more apparent in the current situation.”

Castillo said that he also “heard the suggestion from some that everything on intellectual property should be addressed in the TRIPS Council process, so that the focus of the process that I am facilitating is only the trade policy aspects.” But, “one delegation noted that, in pandemic preparedness, there were IP [intellectual property] issues separate to those in the waiver discussions that should be considered in this process.”

“One delegation pointed out that the pandemic was now endemic and that other diseases such as HIV/AIDS, malaria and tuberculosis should also be addressed.”

Castillo said, “in terms of the basis for our work, I heard one delegation say that what was needed was something new,” adding that “this delegation made it clear that it could not work on the basis of document 281 – the Walker Text [which had been put forward by previous facilitator Ambassador David Walker of New Zealand].”

However, Castillo said, “others pointed out that they did not want to start from scratch. In their view, work should carry on from where it had been left off. Yet others said we needed to start with language that was familiar to everyone, and references were made to documents JOB/GC/278, 281, 292 and 293 as reflections of the body of work done since the beginning of this process.”

The facilitator said he heard the suggestion to work on an outcome in three parts:

“PART 1: would be factual. This would reflect in a succinct manner the situation of the pandemic and work done by Members and the Secretariat since the outbreak of the pandemic. A number of delegations noted that it was important to show that Members and the Secretariat

had not sat idle since 2020. I have already requested the Secretariat to begin this work.

“PART 2: would be a reaffirmation of WTO obligations. In this regard, some delegations stressed the importance of having a common understanding on what ‘not altering rights and obligations’ means – noting that everyone should be on the same page before deciding which elements or language would fit here.

“PART 3: would be forward looking – that is, contain the future work of the WTO to prepare for any future pandemics and other emergencies taking account of lessons learnt. I should note that a group of Members pointed out that there should be a TRIPS trigger mechanism for future pandemics. Two options are on the table. The first would be the ‘1998 E-commerce Declaration model’ – that is, a general mandate to the General Council and relevant bodies to carry out further work within their competencies. The other is the ‘Action Plan model’ currently in document JOB/GC/281.”

Castillo said that he “concluded a number of small group meetings starting with the US, the EU and China,” pointing out that “the US and EU had worked on a streamlined text which was a genuine attempt to find agreeable landing zones to them.”

The US-EU text, according to the facilitator, will be “streamlined language on specific areas of interest. In their view, this could be a part of what could fit into a bigger picture – that is, complemented by other Members’ contributions.” He added that the US and the EU would undertake “this effort, [and] their expectation was that others would equally exercise restraint and streamline their ideas.”

Castillo further said that while one delegation “sought further information about the genesis of the three-part approach, overall, delegations expressed willingness to work with this format.” This is, of course, subject to Members being able to comment on the whole text which would be assessed on its content to ensure a credible outcome, he said.

The facilitator said “while we are continuing to work towards a credible and effective response, one delegation reminded us that several developing and LDC [least developed country] Members continued to experience challenges such as affordability and access to vaccines – and that the WTO’s response remained an urgent priority for them.”

In response to the facilitator's report, China said it "always considers the WTO response to the pandemic as the most pressing issue." "Reaching a multilateral outcome by MC12 remains our priority," it said, adding that "flexibility is needed from all sides".

Indonesia said the issue of the WTO's response "needs to be concluded soon if we want an outcome that is still relevant." It drew attention to its co-sponsorship – together with Bolivia, Egypt, Pakistan, South Africa, Sri Lanka, Tunisia, Uganda and Venezuela – of a submission on the "WTO response in light of the pandemic: traderules that support resilience building, response, and recovery to face domestic and global crises". The submission calls for the WTO's response to be "meaningful" and states that it "needs to be balanced and holistic, which must include the IP aspects as well as food security."

Indonesia said the WTO response should consider "the possibility of a trigger mechanism for future pandemics or global emergency so that the WTO could respond in a swift manner."

Speaking on behalf of the African Group, Cameroon said the Group is "fully committed to a multilateral WTO response to the pandemic, of which the TRIPS waiver is an integral part."

Cameroon quoted the Director-General of the World Health Organization (WHO) who had pointed out that "inequality in vaccines and inequality in health in general have been the biggest failures of the past year". Further, it cited the Africa Centres for Disease Control and Prevention as stating that just over 16% of the African population is fully vaccinated, compared with over 72% of the population in high-income countries.

Therefore, Cameroon stressed, "any response must adequately address the issue of access as well as diversification and ramping of production of vaccines and other medical products against COVID-19."

Above all, said Cameroon, "our responses should also give us an appropriate tool to deal with future pandemics and avoid most of the challenges we faced during the current pandemic."

Cameroon noted that "this pandemic has exacerbated the existing systemic disparities in food security in African states, in spite [of the fact] that the continent holds 60% of the world's untapped arable land." It said that "unleashing the productive potential of

African states is therefore essential for our countries, which have limited resources and cannot cope with the multi-faceted shocks of a major health crisis." It pointed to African countries' "long fight for the constitution of public stockholding for food security purposes and the significant reduction of domestic support measures at the *de minimis* level."

Transition for graduated LDCs

The 9 May GC meeting also looked into a submission by the LDC Group relating to countries graduating from the LDC category.

Several countries such as Bangladesh, Kiribati, Laos, Nepal, Tuvalu, Cambodia, Comoros, Djibouti, Senegal and Zambia appear to have met the graduation criteria.

The LDC Group has proposed "an interim arrangement for smooth LDC transition by calling on members granting LDCs unilateral trade preferences, to have procedures in place to extend and gradually phase out their preferential market access scheme for graduated countries over a period of six to nine years."

The Group also proposed that "any support package must apply automatically, equally, and unconditionally to all graduated LDCs for a uniform period of time after graduation."

The US expressed opposition to the LDCs' proposal, saying it is not prepared to agree to a blanket approach and would only consider it on a case-by-case basis.

In contrast, China said it supported "the smooth transition for graduated

LDCs," including "support measures" like extension of preferential market access. Such support measures, it said, "will serve as an impetus for graduating LDCs to set proper transitional strategies and provide a predictable and reliable environment."

The EU, which is another major donor, said that "we are ready to provide support measures through our schemes." "In the area of trade specifically," the EU said, "the aim of the European Union is to focus on how to facilitate and enhance the capacity of countries to assume commitments that foster integration into the global economy." It said that is the best way the WTO can effectively contribute to integration (of the LDCs).

Cameroon, speaking on behalf of the African Group, said "we fully support LDCs' proposal which is in line with the Marrakesh Agreement [the WTO's foundational treaty]." It said members "should spare no effort to ensure a smooth transition of graduate[d] LDCs and pave their way to development."

Without referring to the US decision, Cameroon said that "we take note of reservations expressed by some members and we think we can overcome these elements through a genuine and open discussion."

It said that "acceding to the LDC proposal shall have no negative impact on global trade as LDCs account for 1% of global trade."

In short, the GC meeting seems to have failed to provide any clear picture on what is in store for MC12 due to sharp differences among the members on several issues. (SUNS9573)

WTO DG's TRIPS COVID-19 text meets with disparate responses

Varying views have been voiced by WTO member states on a draft released by the organization's Director-General proposing measures to overcome intellectual property barriers to the supply of COVID-19 medical products.

by D. Ravi Kanth

GENEVA: At a formal meeting of the WTO Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS)

on 6 May, members expressed divergent views on the draft "TRIPS COVID-19" text circulated by the WTO's Director-

General on 3 May, expressing concerns on several aspects of the text, said people familiar with the proceedings.

China said it cautiously welcomed the text but objected to the particular condition that would exclude countries with a global COVID-19 vaccine export share of more than 10% in 2021 from having recourse to the provisions in the text. It said this condition would constitute “punishment to those who supplied a large amount of vaccines to others even when they themselves were suffering from shortages.”

Without naming the US or the European Union, which had allegedly imposed export restrictions on vaccines and their ingredients, China said that the condition “constitutes a tolerance or even an incentive for members to adopt inward-looking policies and apply export restrictions in difficult times when we should resist such temptations.”

“Such an unreasonable and arbitrary criterion will send a wrong signal to the outside and will also have systemic implications to the future negotiations,” said China.

The US is apparently understood to have inserted this condition during the informal discussions on the TRIPS waiver convened by the WTO Director-General and involving the so-called Quad comprising the US, the EU, India and South Africa.

China suggested that “a more general language to encourage members who are in a position to opt out can be a solution”.

Referring to the WTO DG’s oft-repeated comment that “multilateral cooperation on trade is needed to address the mounting challenges we are encountering,” Chinese Ambassador to the WTO Li Chenggang cautioned that if the exclusionary condition remained, “I have a serious doubt on how the long-held spirits of unity and cooperation could be preserved in this organization. Who will be willing to export critical materials to others if we are to face another pandemic in the future? And how could the interest of the vulnerable economies, developing members and LDCs be protected?”

(Subsequently, at a WTO General Council meeting on 10 May, China said that if its concern on the export share condition is properly addressed, “we will not seek the use of flexibility provided for” in the TRIPS COVID-19 text.)

The US said it was currently discussing the text with its domestic

stakeholders. It added that it was looking forward to further consultations with all members for finding convergence that could lead to a consensus solution.

The US seems to have adopted a constructively ambiguous position without revealing its mind, said a participant who asked not to be quoted.

South Africa said it hoped the circulation of the proposed TRIPS COVID-19 outcome document would imply engaging in text-based negotiations.

It also recalled the original TRIPS waiver proposal co-sponsored by 65 countries (including South Africa), which calls for suspending obligations under the TRIPS Agreement relating to copyrights, industrial designs, patents and protection of undisclosed information in order to scale up production of COVID-19 vaccines, therapeutics and diagnostics.

South Africa expressed hope that WTO members could work together in a solution-oriented mode towards an outcome that could be resolved before MC12 (12-15 June) and that would unlock productive capacity in developing countries, especially in Africa.

India emphasized its commitment to remain constructively engaged with members to reach a meaningful outcome on this very crucial issue.

The EU said that while the process for arriving at a “compromise” outcome had been “difficult and protracted”, the DG’s text offered the most promising path towards achieving a meaningful outcome among all WTO members.

The EU said it saw this proposal as only one element of a broader package of key outcomes for MC12 including other aspects of trade and health, joint action on food security concerns, agriculture, sustainability, fisheries subsidies and WTO reform.

Developing-country concerns

Many developing countries at the TRIPS Council meeting called for including therapeutics and diagnostics in the proposed TRIPS COVID-19 decision, which currently covers only vaccines.

Several countries also raised sharp concerns over the proposed eligibility criteria as well as on paragraph 3(a) of the text, which includes elements that go beyond the obligations under the TRIPS Agreement, in particular requiring the listing of patents in authorizations for

non-voluntary licensing.

Many delegations underlined the need to include a clear reference that the text would apply without prejudice to existing flexibilities under the TRIPS Agreement.

Indonesia said paragraph 3(a) would “mean an additional burden on the officers charged with this function to comply with because some countries may not be well equipped in terms of many developmentally related barriers to handle such an intense task of risk listing when needed.” It proposed that paragraph 3(a) be deleted.

Indonesia also stressed that excluding certain members in an arbitrary manner would be a bad precedent.

Speaking on behalf of the African Group, Tanzania said the members of the Group would need more time for consultation with their respective capitals on the draft text.

In an initial comment on the text, the African Group noted that other elements, particularly therapeutics and diagnostics, as well as transfer of technology are equally important to address the COVID-19 pandemic in a holistic manner.

Zimbabwe also expressed concern that the text excludes therapeutics and diagnostics. It could also not accept the eligibility criteria presented and referred to the self-opt-out approach taken under Article 31bis of the TRIPS Agreement.

It stressed that the waiver remains a critical element to the pandemic and the need to be prepared for the next one.

Malaysia said that the exclusion of a country is not acceptable and called for transparency and inclusiveness in moving forward.

Ownership of text

The United Kingdom and Switzerland, which have vehemently opposed the 65-country TRIPS waiver proposal, underscored the importance of the international intellectual property framework, coupled with partnerships among entities from the private, academic and public sectors, to enable rapid innovation in the response to COVID-19 and the production of vaccines at an unprecedented pace.

The UK pointed out that the text circulated by the DG is not endorsed by any member, and said that at this point it is unclear how members can establish a dialogue without knowing who will

be able to respond to questions on the wording and intent of the text.

Switzerland said it is looking forward to a presentation and explanation of the text by those members that were involved in the informal discussions.

Mexico also sought to know who among the Quad will address questions and clarifications that members may raise.

Several industrialized countries like New Zealand, Australia, Japan, Singapore and South Korea called for a creative solution to a debate which has seen some robust discussion and strong differences of opinion in the TRIPS Council.

Singapore said the proposal may

require further tweaks, and that it is essential to engage with one another in good faith and in the spirit of compromise and, most importantly, not backtrack on the progress that has been made so far.

The chair of the TRIPS Council, Ambassador Lansana Gberie from Sierra Leone, agreed that the manner in which the text was circulated was somewhat unusual, but said it should not be an obstacle to members' meaningful engagement on the text.

"The fact that a number of active delegations with divergent views have invested months of hard work to come together around a text means that we may now have a realistic chance to

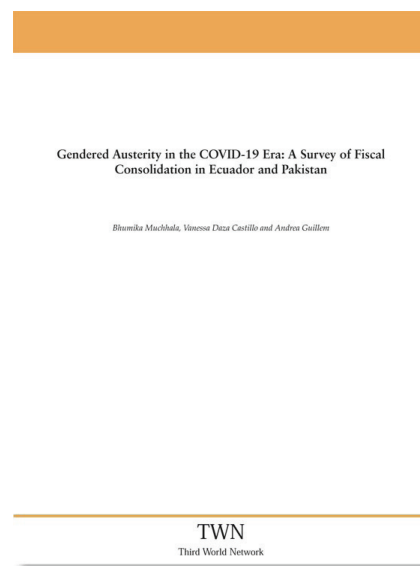
promptly reach an agreed outcome on this longstanding and very urgent issue," the chair said in his concluding statement at the meeting.

"It will not be easy, and it is in the nature of consensus that compromises are required on all sides and no one side will be entirely happy with the outcome. But an agreement by all members on a practical outcome on the role of IP [intellectual property] in a pandemic will send a strong signal that despite all the differences, the WTO community can come together and highlight how the multilateral rules can help address this and future crises." (SUNS9572)

Gendered Austerity in the COVID-19 Era: A Survey of Fiscal Consolidation in Ecuador and Pakistan

by Bhumika Muchhala, Vanessa Daza Castillo and Andrea Guillem

Austerity is gendered in that the power relations that shape the distribution of resources and wealth as well as the labour of care and reproduction turn women and girls into involuntary "shock absorbers" of fiscal consolidation measures. The effects of austerity measures, such as public expenditure contraction, regressive taxation, labour flexibilization and privatization, on women's human rights, poverty and inequality occur through multiple channels. These include diminished access to essential services, loss of livelihoods, and increased unpaid work and time poverty. This report examines the dynamics and implications of gendered austerity in Ecuador and Pakistan in the context of the fiscal consolidation framework recommended by International Monetary Fund (IMF) loan programmes.



Available at <https://twon.my/title2/books/pdf/GenderedAusterity.pdf>

Acute food insecurity reaches new highs, says report

Nearly 200 million people worldwide – a record high – were acutely food insecure in 2021, according to a food crisis monitor, and the incidence of hunger is expected to further worsen this year due to the fallout from the Ukraine war.

by Kanaga Raja

GENEVA: The levels of hunger remain alarmingly high globally, with close to 193 million people acutely food insecure and in need of urgent assistance across 53 countries or territories in 2021, an increase of nearly 40 million people compared with the previous high reached in 2020.

This is one of the key findings of the 2022 *Global Report on Food Crises* (GRFC) by the Global Network Against Food Crises, an international alliance of the United Nations including the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP), the European Union, governmental and non-governmental agencies working to tackle food crises.

“The outlook for global acute food insecurity in 2022 is expected to deteriorate further relative to 2021,” said the report, which was released on 4 May. In particular, the report said the unfolding war in Ukraine is likely to exacerbate its already severe 2022 acute food insecurity forecasts, given that the repercussions of the war on global food, energy and fertilizer prices and supplies have not yet been factored into most country-level projection analyses.

“The tragic link between conflict and food insecurity is once again evident and alarming,” said FAO Director-General Qu Dongyu.

“While the international community has courageously stepped up to the calls for urgent famine prevention and mitigation action, resource mobilization to efficiently tackle the root causes of food crises due to, among others, the impacts of the COVID-19 pandemic, the climate crisis, global hotspots and the war in Ukraine, still struggles to match the growing needs,” he added.

“The results of this year’s Global Report further demonstrate the need to

collectively address acute food insecurity at the global level across humanitarian, development and peace contexts,” said the FAO chief.

“Acute hunger is soaring to unprecedented levels and the global situation just keeps on getting worse. Conflict, the climate crisis, COVID-19 and surging food and fuel costs have created a perfect storm – and now we’ve got the war in Ukraine piling catastrophe on top of catastrophe,” said WFP Executive Director David Beasley.

“Millions of people in dozens of countries are being driven to the edge of starvation. We urgently need emergency funding to pull them back from the brink and turn this global crisis around before it’s too late,” he added.

Overview of global food crisis

The GRFC’s estimates of acute food insecurity are based on data from the Integrated Food Security Phase Classification (IPC), the Cadre Harmonisé (CH) or comparable sources. According to the report: “The populations that require urgent action to meet their food needs are those populations in Crisis (IPC/CH Phase 3), Emergency (IPC/CH Phase 4) and Catastrophe (IPC/CH Phase 5). In Crisis (IPC/CH Phase 3), households are already facing food consumption gaps which are reflected in high or above normal acute malnutrition, or are only able to minimally meet their food needs by depleting essential livelihood assets or engaging in crisis-level coping. People in Emergency (IPC/CH Phase 4) face high levels of acute malnutrition and excess mortality due to lack of food, or resort to emergency coping strategies to mitigate large food consumption gaps. For populations in Catastrophe (IPC/CH

Phase 5), households have exhausted all coping strategies and face destitution, very high malnutrition, starvation and death.”

According to the GRFC, in 2021, around 193 million people were in Crisis or worse (IPC/CH Phase 3 or above) or equivalent in 53 countries/territories – an increase of nearly 40 million people since 2020 and the highest number in the report’s six-year existence.

The dramatic increase is primarily driven by prolonged or intensifying conflict, pre-existing and COVID-19-related economic shocks, weather extremes or a combination of these factors, it said. “It is also partly attributable to increased population coverage in countries such as the Democratic Republic of the Congo, as well as the use of revised population figures, such as in Afghanistan.”

Major increases were reported in eight countries, accounting for 35 million additional people in Crisis or worse (IPC/CH Phase 3 or above): Afghanistan, with around 10 million additional people in these phases; Ethiopia (8 million); the Democratic Republic of the Congo (5 million); Nigeria (4 million); Pakistan and Yemen (3 million each); and Angola and Somalia (1 million each).

Between 2020 and 2021, the percentage of the analyzed population in Crisis or worse (IPC/CH Phase 3 or above) or equivalent also increased marginally from 20.8 to 21.3%. This increase occurred despite the fact that the analyzed population rose by 22% between 2020 and 2021, the report said.

Over 570,000 people in localized areas of four countries were in Catastrophe (IPC Phase 5) in 2021 and required urgent action to prevent widespread starvation, death and total collapse of livelihoods, said the report. The highest numbers were in Ethiopia (401,000 people in the Tigray region in July-September 2021) followed by South Sudan (108,000 in April-July 2021), Yemen (47,000 in January-June 2021) and Madagascar (14,000 in the Grand Sud in April-September 2021).

Around 39 million people were in Emergency (IPC/CH Phase 4) in 36 countries/territories in 2021, the report said. Afghanistan, the Democratic Republic of the Congo, Yemen, Ethiopia, the Sudan and South Sudan had more than 2 million people each in Emergency (IPC/CH Phase 4), while Haiti and Pakistan had around one million people each. These countries accounted for 82% of the

total global number in this phase; within this, the Democratic Republic of the Congo, Yemen, Ethiopia and Afghanistan accounted for nearly 63% of the global number of people in Emergency.

In Afghanistan, the Central African Republic, Haiti, South Sudan and Yemen, over 10% of the population analyzed were in Emergency, reaching 21% in Afghanistan and 20% in South Sudan. “Although there are no estimates for the populations in this phase in the Syrian Arab Republic, 2.5 million people, or 12% of the population analyzed, were severely food insecure according to WFP.”

An additional 236 million people were in Stressed (IPC/CH Phase 2) in 41 countries with IPC/CH analyses in 2021, requiring action for disaster risk reduction and protecting livelihoods, said the report. Five countries accounted for over half (52%) of the number of people in this phase: the Democratic Republic of the Congo, Nigeria, Ethiopia, the Sudan and Afghanistan. In another set of countries – Burundi, the Democratic Republic of the Congo, Guatemala, Madagascar and Mozambique – at least 40% of the analyzed population were in Stressed, peaking at 46% in Mozambique.

At 193 million in 2021, the number of people in Crisis or worse (IPC/CH Phase 3 or above) or equivalent was 24% higher than in 2020, although the number of food-crisis countries/territories decreased from 55 to 53 due to limited data availability in 2021, said the report. This year-on-year increase indicates worsening acute food insecurity, especially in major food-crisis countries such as Afghanistan, Ethiopia and Yemen.

“The number of people in Emergency (IPC/CH Phase 4) reached the highest point in the six years of the GRFC’s existence in 2021, with over 82% of them in eight countries: Afghanistan, the Democratic Republic of the Congo, Yemen, Ethiopia, the Sudan, South Sudan, Haiti and Pakistan.”

Relative to 2020, the most significant increases in 2021 were in Afghanistan, where the population in this phase roughly doubled to over 8.7 million by the end of 2021, in part due to the use of base population estimates that were higher than in previous years, said the report. Between late 2020 and the 2021 peak, Ethiopia experienced a 205% increase to around 4.3 million people in Emergency. In the Democratic Republic of the Congo, the population in Emergency was the

second largest globally, increasing by over 1 million from 2020 to 6.7 million people in 2021, in part due to increased IPC geographical coverage. Yemen had the third largest population in Emergency in 2021, with the number of people in this phase rising by 39% from 3.6 million in 2020 to 5.06 million in 2021. The number of people in Emergency in Somalia increased by 60% to over 640,000.

In 2021, out of the 193 million people in the three highest phases of acute food insecurity, nearly 70% were in Crisis (IPC/CH Phase 3). In five countries – the Democratic Republic of the Congo, Nigeria, Afghanistan, Ethiopia and Yemen – more than 10 million people were in this phase.

The report said countries characterized by food crises receive 84% of all humanitarian assistance worldwide (all sectors considered), while absorbing 33% of global development assistance.

In 2020, the humanitarian assistance allocated to food sectors in 55 food-crisis countries/territories was the lowest recorded in the six-year existence of the GRFC, even though the number of acutely food-insecure people was the highest on record. Humanitarian assistance to food sectors in food-crisis countries/territories has been decreasing since 2017. In 2020, it stood at \$8.1 billion, 25% lower than in 2017. The two biggest decreases in disbursements were reported in Yemen (a 50% decrease of \$1 billion since 2019) and the Syrian Arab Republic (a 16% decrease of \$147 million).

According to the Global Network Against Food Crises’ Financing Flows and Food Crises report, on average from 2016-20, food sectors in food-crisis countries/territories received 34% of global humanitarian assistance spending. “Humanitarian assistance for food security was consistently the most funded food sector, while humanitarian assistance for agriculture and livelihoods was the least funded, and decreased by more than 50% since 2016.”

Drivers of food crises

The GRFC said that in 2021, conflict/insecurity, weather extremes and economic shocks, including COVID-19-related economic effects, again constituted the three primary drivers of food crises, but these drivers are often interlinked and mutually reinforcing, rendering it difficult to specify a singular trigger of each food

crisis.

In 2021, conflict/insecurity was a primary driver of acute food insecurity in 24 countries/territories covered in the report. These countries accounted for around 139 million people in Crisis or worse (IPC/CH Phase 3 or above) or equivalent, an increase of 40 million people since 2020.

It was the key driver in three of the four countries with populations in Catastrophe (IPC Phase 5) – Ethiopia, South Sudan and Yemen – and in seven of the 10 largest food crises.

The report said around 75% of the population in Emergency or worse (IPC/CH Phase 4 or above) in 2021 were in 13 countries (with IPC/CH analyses) in which conflict/insecurity was the main driver.

Between 2018 and 2021, the number of people facing Crisis or worse (IPC/CH Phase 3 or above) or equivalent in countries/territories where conflict/insecurity was the principal driver increased by a staggering 88%, from around 74 million to 139 million.

The report said that all countries/territories with major food crises mainly driven by conflict were also affected by either weather extremes, economic shocks or both. “These two drivers often fuel tensions and conflicts by increasing competition around limited natural resources and income opportunities.”

The report said in 2021, 21 countries/territories had economic shocks as a primary driver of acute food insecurity. In these 21 countries/territories, around 30.2 million people were in Crisis or worse (IPC/CH Phase 3 or above) or equivalent. “This figure includes two of the world’s largest food crises in terms of absolute numbers – Pakistan and Haiti.”

The number of countries affected by economic shocks more than doubled between 2019 and 2020 from eight to 17 due to the adverse impacts of the COVID-19 pandemic on livelihoods, incomes and food prices – contributing to around 40.5 million people in Crisis or worse (IPC/CH Phase 3 or above) or equivalent in 2020, said the report.

In 2021, despite a decrease in the number of people in Crisis or worse (IPC/CH Phase 3 or above) primarily affected by economic shocks compared with 2020, they were considered either a primary, secondary or tertiary driver in 48 out of the 53 countries/territories covered in the report. “This reflects in part a sharp rise

in global food prices in 2021 as a result of a combination of factors, notably an uneven global economic recovery from the COVID-19 pandemic and widespread supply chain disruptions.”

In Central and Southern Africa, food access was still severely constrained by widespread informal job losses due to COVID-19 restrictions, particularly for households reliant on remittances from South Africa, said the report. Currency depreciation (Angola, Zambia and Zimbabwe), trade disruptions due to insecurity (the Central African Republic) or high imported grain prices (Lesotho and Namibia) contributed to rising food prices across the region.

“Across East Africa, although economic shocks were not the primary driver of major food crises, they were still considered a major driver in Ethiopia, the Sudan and South Sudan, as these countries continued to grapple with macroeconomic crises characterized by currency depreciation, high food prices and lack of work opportunities.” Countries struggled to recover from the socioeconomic effects of COVID-19 restrictions, which dampened casual labour opportunities and contributed to food price volatility by disrupting trade and cross-border movement of goods and people.

In most Sahelian and coastal countries of West Africa, high food prices were driven by insecurity-related disruptions to agricultural activities and markets, higher transport costs linked to COVID-19 containment measures, and rising international commodity prices. Food price increases were especially notable in Benin, the Gambia, Guinea, Liberia, Sierra Leone and Nigeria.

In Honduras, Guatemala, Nicaragua and El Salvador in Latin America, access to food was limited by rising staple food prices and atypically low labour demand, resulting from the ongoing economic impacts of the COVID-19 containment measures, said the report. “In food import-dependent Haiti, currency depreciation pushed up domestic food prices, exacerbating an ongoing decline in household purchasing power.”

In Eurasia, economic shocks were considered the primary driver of acute food insecurity in Pakistan’s Balochistan, Khyber Pakhtunkwa and Sindh provinces, where high food and fuel prices weakened purchasing power. “However, they were major contributors in Yemen, Afghanistan

and the Syrian Arab Republic, where economic conditions continued to worsen in 2021, with extremely high unemployment levels and increasing food prices.”

The report said that in 2021, weather extremes were the main drivers of acute food insecurity in eight African countries, including Madagascar, where nearly 14,000 people were in Catastrophe (IPC Phase 5) in April-September 2021 due to the effects of severe drought. The eight countries accounted for 23.5 million people in Crisis or worse (IPC/CH Phase 3 or above).

The report said weather extremes were the primary, secondary or tertiary driver of acute food insecurity in 39 of the 53 countries/territories. “Increasingly frequent and severe weather shocks have contributed to worsening acute food insecurity, with 2021 bringing particularly detrimental weather events to key crises in East, Central and Southern Africa, and Eurasia.”

The report said although the number of countries with weather extremes as the primary driver declined from 15 to eight between 2020 and 2021, the number of people in Crisis or worse (IPC/CH Phase 3 or above) or equivalent in these countries increased by 50% during the same period.

Forecast for 2022

The report said that in 2022, between 179 and 181.1 million people in 41 out of the 53 countries/territories are projected to be in Crisis or worse (IPC/CH Phase 3 or above), in addition to Cabo Verde. During 2022, around 329,000 people will likely face Catastrophe (IPC Phase 5) in Somalia (81,000 people), South Sudan (87,000 people) and Yemen (161,000 people).

No forecast was available at the time of the report’s publication for 12 of the 53 countries/territories with a 2021 estimate.

In 2022, the impact of protracted conflict and related displacement in affected countries will maintain exceptionally high levels of acute food insecurity, said the report. “In these countries and elsewhere, macroeconomic shocks – characterized by escalating food and fuel costs, lack of work and declining incomes – often in tandem with intense and frequent weather shocks, will intensify and prolong acute food

insecurity conditions.”

When comparing 2021 figures for the 41 countries that also had 2022 projections available as of April, there were already an additional 5 million people in Crisis or worse (IPC/CH Phase 3 or above).

In addition, the impact of the ongoing war in Ukraine is expected to have severe consequences for food security outcomes, following the displacement of millions of Ukrainians and widespread destruction of infrastructure and livelihoods, said the report. “Severe repercussions are also expected at the regional and global level, as many food crisis countries depend on imports for staple food supplies and fertilizers, notably from Ukraine and the Russian Federation,” added the report, which explained that most of its forecasts do not account for the potential impact of the war.

For most of the world’s major food crises, notably in Afghanistan and the Democratic Republic of the Congo, acute food insecurity levels in the first months of 2022 were expected to persist at similar levels to 2021 or increase.

The report said that some countries face further severe deterioration, primarily due to conflict, particularly in West Africa and the Sahel, and drought in the Horn of Africa.

Moreover, the global recovery from the COVID-19 pandemic will likely be slowed as the war in Ukraine is expected to trigger a global economic slowdown in 2022-23.

Ukraine war a major concern

The report pointed out that for the vast majority of the acute food insecurity forecasts that it has presented, the trade and price risks associated with the war in Ukraine may necessitate revisions of the assumptions that were made prior to the escalation of the war.

“Before the escalation, global wheat production was expected to increase for the fourth consecutive year. However, the war has created major uncertainties regarding the production and export capacities of agricultural products from Ukraine due to widespread infrastructure damage and destruction, and from the Russian Federation due to the economic impact of the war,” it said.

In 2021, the two countries accounted for major shares of global exports of wheat (33%), barley (27%), maize (17%), sunflower seeds (24%) and sunflower oil

(73%). The Russian Federation also stood as the world's top exporter of nitrogen fertilizers, the second leading supplier of potassium fertilizers and the third largest exporter of phosphorous fertilizers.

An estimated 16 million tonnes of maize and 13.5 million tonnes of wheat were expected to be exportable in the two countries as of the end of February 2022, amounting to 43% of Ukraine's and 23% of the Russian Federation's expected 2021/22 exports, said the report.

"Although early production prospects for winter crops to be harvested in 2022 were favourable in Ukraine, the war is preventing many farmers from tending to their fields and harvesting and marketing their crops. Disruptions to essential public services are also expected to negatively affect agricultural activities."

Current reports indicate that 20-30% of areas sown to winter crops will remain unharvested during the 2022/23 season, with yields also likely to be adversely affected, said the report.

Some 95% of Ukrainian grain exports transit through Odessa, as well as through Mariupol and Kherson, both of which have been severely damaged. Additionally, all Black Sea harbours are blocked and infrastructure damage in Ukraine has hampered logistics and export capacity, said the report.

The report said many food-crisis countries, including several Middle Eastern, northern and sub-Saharan African, as well as South Asian countries, are reliant on wheat imports from the Russian Federation and Ukraine.

In 2020, 38 countries/territories

affected by food crises received 34% of the total Ukrainian exports of wheat and maize products, and food-crisis countries also accounted for 73% of Russian exports of wheat. Among these, 27 countries/territories were affected by major food crises, and received around 13.4 million tonnes of the total exports of Russian and Ukrainian wheat and maize products that year. The largest of these importers included Yemen, the Sudan, Nigeria and Ethiopia, which are consistently among the world's 10 largest food-crisis countries. "In East Africa alone, where wheat and wheat products account for one-third of average cereal consumption, 90% of all wheat imports come from the two countries."

In 2021, 36 out of the 53 food-crisis countries/territories depended on Ukrainian and Russian exports for more than 10% of their total wheat imports, including 21 countries with major food crises, said the report.

In terms of food supply, wheat and its products represented on average 408 kcals per capita per day in 2019 across food-crisis countries. Its contribution was above this level in 15 countries, including in five affected by major food crises – Afghanistan (1,397 kcal/capita/day), the Syrian Arab Republic (1,092), Yemen (925), Pakistan (874) and the Sudan (535) – and relatively dependent on imports. The Sudan and Yemen, for instance, depended on wheat imports from Ukraine and the Russian Federation to meet 35-45% of their consumption needs in 2021, said the report.

In the event of an extended disruption

to food imports from Ukraine and the Russian Federation, price increases are expected in food-crisis countries/territories, the GRFC cautioned. In March 2022, the FAO Cereal Price Index averaged 170.1 points, up 24.9 points (17.1%) from February, marking its highest level on record since 1990.

The report also said disruptions to natural gas and fertilizer markets will have a negative impact on production at the global level, especially at the beginning of a new planting season for many parts of the world. "Limited availability or shortages of fertilizers are likely to reduce crop yields and result in poor local harvests, particularly in developing countries."

The report said food-crisis countries as geographically diverse as Honduras, Cameroon, Guatemala, Sierra Leone, Nigeria, Mozambique and Kenya depend on the Russian Federation and Ukraine for 10-50% of their fertilizer imports. "Reduced access to fertilizers will likely significantly reduce crop production, especially in arid areas, such as the Sahel, where poor soil quality necessitates the use of chemical fertilizers to facilitate food production," it added.

The report said the repercussions of price hikes will also be felt among humanitarian partners responding to food crises. For example, rising wheat prices and a lack of pulses from Ukraine are projected to increase the food procurement costs for WFP by approximately \$23 million per month. (SUNS9571)

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Big Pharma is still making absurd profits off of the pandemic

Pfizer is projected to rake in more than \$50 billion from its COVID-19 medicines this year. It's a symbol of the drastic inequality created by a for-profit approach to global health.

by Nick Dearden

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On 3 May, drug giant Pfizer told investors that it expects to make more than \$50 billion off its COVID-19 medicines this year. Its vaccine is the most lucrative medicine in history, accruing \$37 billion in 2021, and has sent its corporate revenues into the stratosphere. By the end of this year, the company hopes to bring in \$100 billion – a sum that exceeds the gross domestic product (GDP) of most countries on Earth.

It's been a good pandemic for a company that was, until recently, the least-trusted company in the least-trusted sector in the United States. Not only has the company made a fortune on its COVID-19 medicines, it's also become a household name, with a chief executive who moves among the world's most powerful leaders, toasted by ordinary people across the world who are desperate for this pandemic to be over. It's been quite the PR coup.

Dig deeper, though, and you quickly find out that Pfizer's profits are not a justifiable reward for a much-needed solution to an era-defining crisis. Rather, Pfizer's income is built on aggressive corporate practices and ruthless profiteering that have led to an obscene inequality in access to COVID-19 vaccines, in turn prolonging, rather than ending, this pandemic. Worse, Pfizer isn't a one-off – it's just one example among many of an industry that has become a symbol of our highly financialized, monopolistic global economy.

Pandemic profits

It's easy to see where Pfizer's profits come from. Pfizer claims that the cost price of its vaccine is just under £5 per dose, though experts say doses could be made for as little as 76p. Either way, the

UK government paid £18 a shot for its first order, £22 for later purchases. Even taking Pfizer at its word, that would mean the UK National Health Service (NHS) has paid a markup of at least £2 billion – six times the cost of the pay rise the government agreed to give nurses last year. Even this price seems rather reasonable compared with the amount it has been claimed Pfizer tried to charge the US government: an eye-watering \$100 a dose, prompting a former US disease prevention official to accuse the firm of “war profiteering.”

Pfizer prides itself on having taken no government money for its vaccine, claiming it ploughed its own money into the vaccine's development. But significant funding for this vaccine did come from the public sector.

Like all mRNA vaccines, Pfizer's medicine was built on decades of public research. If credit for this particular vaccine goes to any company, it is Pfizer's partner, BioNTech, a spin-off from a German university centre, which was given substantial public funding. Pfizer did put its own money into producing the drug – probably up to \$1 billion – but also received guaranteed government contracts of nearly \$2 billion in sales for the United States alone. At most, Pfizer's investment was a small part of the picture and is minuscule compared to the return the corporation has seen. A former US government official bemoaned “it's not even their vaccine” and describes the fact it's universally known as the “Pfizer” jab as “the biggest marketing coup in the history of American pharmaceuticals.”

Unfortunately, though, this vaccine is legally Pfizer's vaccine. Like virtually all important medicines, it was built on public knowledge, but that knowledge was then privatized – handed over to a multinational corporation that can then

dictate who can make it, how much it will cost, and who can buy it. Unsurprisingly, Pfizer sold the vast majority of its doses to rich countries and a mere 1.3% of its supply to COVAX, the global body set up to try to ensure a more equitable distribution of COVID-19 medicines.

That's not the worst of it. Pfizer's monopoly power has prevented others producing, rationing supply purely so it could maintain control of the life-saving technology. It's been calculated that over 100 factories and laboratories around the world could have been producing mRNA vaccines if only the technology was shared. But Pfizer has taken a lead in undermining any attempt to share know-how, denouncing a United Nations initiative to pool patents as “nonsense” and “dangerous.”

Even after it had made a fortune, Pfizer refused to share its vaccine with a World Health Organization-backed laboratory in South Africa set up specifically to help lower-income countries build their vaccine capacity. The resulting inequality, shocking in itself, has also given the virus the best possible chance to spread and mutate, potentially undermining the vaccines we've got. But what does that matter to Pfizer when in the week after the Omicron variant was discovered, a small handful of its top shareholders added billions of dollars to their wealth as its share price boomed at the prospect of selling even more vaccines.

The art of intellectual property

The monopolies that Pfizer enjoys are hardwired into the rules of the global economy. In the 1980s a handful of corporations, led by a former Pfizer chief executive, recognized that their most important assets were not their factories, their workforces or even their research base. Rather, it was the intellectual property that they sat on – the patents, the know-how, the trademarks. They set about persuading the US government to ensure this intellectual property was as well protected as possible, and in the mid-1990s US-style patents laws were embedded in the newly formed World Trade Organization (WTO) as a global minimum, undermining the sort of sharing, copying and imitation of technology that had allowed countries like South Korea to go from poverty to an advanced economy in a generation.

High protection for intellectual

property was supposed to encourage innovation and reward the risky business of researching medical breakthroughs. It has had quite the opposite effect. Rather, Big Pharma companies slashed their research and development budgets and focused on buying up research, much of it publicly created, so they could sit on the intellectual property attached to it for decades. A STAT analysis in 2018 concluded that Pfizer developed only a fraction – about 23% – of its drugs in-house. Even the research these companies *do* undertake is often taken up in trying to prolong the lifetime of patents, by making insignificant changes to drugs they already own.

In this way, these firms have become more like hedge funds than research facilities, committed to squeezing every last drop of profit out of their intellectual property. This is great news for Pfizer's superrich investors. On 3 May, the company proudly announced that during just the first three months of 2022, it has returned \$4.2 billion directly to shareholders. Between 2016 and 2020, the figure was around \$70 billion – far exceeding the company's research budget and even exceeding its net income. Pfizer's CEO, Albert Bourla, boasted that Pfizer was the "most efficient machine to convert raw materials to doses." It would be more accurate to describe the company as the most efficient machine for converting public resources into shareholder wealth.

Building something different

Pfizer has its own special brand of ruthlessness that has led to a string of investigations over the course of the pandemic. The company stands accused of spreading disinformation about the rival Oxford-AstraZeneca vaccine, including funding a study that claimed vaccines like AstraZeneca's are risky for vulnerable patients and can cause cancer – something there's zero evidence for – which was then used to misinform health professionals in Canada.

We also know that it made extraordinary demands of countries who wanted to buy its vaccines, demanding complete liability, not just for unexpected side-effects but also for negligence, fraud or malice on the part of the company itself, in some cases demanding governments put up sovereign assets, such as embassy buildings and military bases, as a guarantee against future

compensation cases brought against the company. One government negotiator said it felt like being "held to ransom." Britain even agreed to a special investor arbitration system in its contract with Pfizer, meaning any dispute that the British government might have with Pfizer wouldn't be adjudicated in British courts but in a special tribunal, overseen by corporate lawyers. Pfizer quite literally placed itself above the law of the countries it was selling to.

But while Pfizer is sometimes extreme, the underlying trends are similar across the pharmaceutical sector. Big Pharma is unable to develop the medicines we need at a price we can afford. Yet through global trade rules and a failure to build alternative institutions, we are still dependent on them. The pandemic shows very clearly that we can't go on like this. We cannot depend for our healthcare on corporate executives incentivized to maximize their return to shareholders.

The first bit of good news is that we already spend huge amounts of money

on medical research. Let's stop handing it over to Big Pharma condition-free and use it to build a publicly controlled base of knowledge and technology. The second positive is that many Southern countries are already starting to do things differently. The international marketplace has failed them and they're building factories and laboratories to develop their own resilience. An outstanding example of this is a new mRNA "hub" in South Africa, which is recreating mRNA technology with a commitment to freely sharing it with producers around the world.

COVID-19 has exposed our monopoly capitalist economy like nothing before. This form of economy cannot protect us from epidemics, from climate change, or from the intrusion of big business into the most personal aspects of our lives. Tearing down the monopolies has become a matter of life and death.

Nick Dearden is the director of *Global Justice Now*.

The long shadow of market fundamentalism

In the dusk of neoliberalism, a new narrative is needed to untangle the moral and political trade-offs of our times, writes *Piergiuseppe Fortunato*.

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On 4 May 1979, Margaret Thatcher entered 10 Downing Street in London as British prime minister. The time had finally come to put into practice her political philosophy prioritizing private interests and markets over society and the state. As she had put it 11 years earlier in the wake of the May '68 explosions, "the way to get personal involvement and participation is not for people to take part in more and more government decisions but to make the government reduce the area of decision over which it presides".

Her words found an echo across

the Atlantic on 20 January 1981. In his inauguration speech as United States president, Ronald Reagan said: "It is no coincidence that our present troubles parallel and are proportionate to the intervention and intrusion in our lives that result from unnecessary and excessive growth of government."

The elections of Thatcher and Reagan marked the definitive affirmation in Western democracies of neoliberalism, an ideology which gained traction in response to the crises of the 1970s and the long series of economic shocks which

progressively unsettled the postwar policy consensus around Keynesian demand management and triggered political strife. Part of the reason for the neoliberal takeover was the striking simplicity of its core message: everything has a price, and if markets are freed to determine that price, prosperity and social harmony will follow.

This vision, which entailed a shrinkage of government economic activity through privatization and fiscal austerity but also inflation targeting and tight monetary policy, was extended to the postwar Bretton Woods institutions – the World Bank and the International Monetary Fund – headquartered in Washington. The debt crisis of the early 1980s triggered substantial loss of policy autonomy for developing countries obliged to seek help: if they wanted further aid, they had to accept the “Washington consensus”. Western capitalist economies, which held the lion’s share of votes on the boards of these institutions, were consequently strengthened.

Shortly thereafter, they were further buttressed on the international scene. By 1988, reformers inside the Hungarian government had decided to open the country’s border to the west. Czechoslovakia followed months later, and by the end of 1989, the Berlin Wall was open. The “Iron Curtain”, the political boundary dividing Europe into spheres of influence since the end of World War II, had collapsed, paving the way for the decomposition of the Soviet Union and the West’s final victory in the Cold War, saluted as the definitive triumph of “free-market” capitalism.

In the short lapse of a decade, not only had the neoliberal model of Thatcher and Reagan prevailed in the West. The global opposition to it from developing economies – which had tried in vain to re-equilibrate North-South relationships at the 1981 United Nations summit in Cancun – and from the Soviet Union had been almost completely dismantled.

Turbocharged neoliberalism

The completeness of the victory turbocharged the neoliberal dynamic and even inspired Russian political liberals to adopt the “shock therapy” advocated by the West: rapid privatization and massive deregulation. Combined with gargantuan corruption, the dramatic collapse of the Soviet single market and lack of much-

needed external financial support had a shattering effect on industry and the living conditions of ordinary Russians. The despair that followed would underpin local autocrats who turned dissatisfaction with Western-sponsored policies into a nationalistic revival.

Within Western democracies, critical voices were marginalized or drowned out by the “there is no alternative” assertion with which Thatcherism became associated. It was thus that neoliberalism was normalized. It persisted beyond its founding personalities and became so hegemonic that the other side of the political spectrum adopted it.

With Bill Clinton’s US presidency in the 1990s, the Democrats became a party of fiscal rectitude and trade globalization, and in the United Kingdom Tony Blair’s “new” Labour fully embraced the cause. “I hear people say we have to stop and debate globalization. You might as well debate whether autumn should follow summer,” Blair famously told the 2005 party conference.

It was under the patronage of the Clinton administration that the trade round with the biggest negotiating mandate ever was successfully concluded at Marrakesh with the creation of the World Trade Organization (WTO). Taking advantage of their dominant position on the global scene, Western economies had managed to extend the neoliberal model to regulate relations between countries through “liberalizing” trade and capital flows.

This was in a context where strong domestic regulation of health, the environment and industry had come to be widely perceived as a barrier to the efficient allocation of resources (although, perversely, weak regulation of “intellectual property rights” was deemed to have the same effect). Such regulation was therefore banned or restricted, through rules encoded in the initial WTO agreements and a plethora of bilateral and regional treaties under a “WTO-plus” umbrella.

Over the last two decades, as now footloose capital and firms have moved investment and production around the globe, the bargaining power of capital has increased greatly compared with that of labour. This has allowed corporations to repress wages and working conditions in developed and developing economies. Extremes of inequality within and between countries have hit grotesque

heights. Ineffective antitrust legislation, excessive intellectual-property protection and aggressive merger-and-acquisition strategies have favoured corporate rent-seeking and the attainment of unprecedented market concentration in financial and other sectors.

Meanwhile, investment in public goods, at the global as well as the national level, has stagnated. Growth has become dependent on pushing up debt and the pace of resource extraction and energy consumption, such as to threaten the survival of the planet itself.

A few numbers dramatize the scenario. Winners are taking the most: in the early 1990s, the market capitalization of the world’s top 100 firms was 31 times that of the bottom 2,000; 20 years on, this multiple had soared to 7,000. The top 1% has captured 27% of income growth since 1980, the bottom half of the income spectrum only 12% – and that debt-inflated. Developing countries (excluding China) face total repayments on sovereign bonds of \$936 billion to 2030. Resource extraction has more than tripled since 1970, including a fivefold increase in the use of non-metallic minerals and a 45% rise in fossil-fuel use. The richest 10% of the world’s population is responsible for over half of global emissions while the poorer half accounts for only 10%. And of course now the war in Ukraine is placing further strain on a battered world.

Post-neoliberal narrative

War, climate, trade and debt – these are global challenges which no country, no matter its economic or military strength, can tackle in isolation (as the United Kingdom, having forsworn Thatcher’s support for the single European market, is discovering). The pandemic was just a trial run, and if its management be a measure of whether we have a global architecture able to combat the more demanding tests of the future, there is not much to be cheery about.

That global architecture reflects the latest mutation of neoliberalism. This is a less triumphalist, technocratic version which essentially holds nevertheless that the system is neither broken nor flawed and that problems are not a function of any moral or political conflict but that there are some technical problems which require technical solutions.

This can hardly facilitate resolution of the many trade-offs ahead:

geopolitical stability versus national self-determination, production-based vs consumption-based emission targets, gains from trade vs fair distribution of benefits, a level playing field vs regulatory diversity, and so on. Facing such immense challenges and finding shared solutions relies on a recreation of the trust, fairness and justice on which international cooperation relies.

That requires the governments of the leading world economies – which, as 40 years ago in Cancun, remain mostly Western capitalist democracies – to be willing (and able) to deploy a comprehensive global recovery plan. This should be built around a coordinated macroeconomic expansion, focused

on job creation and higher wages and supported by a big public-investment push into cleaner energy, environmental protection, sustainable-transport systems and the care economy.

As stressed by the United Nations Conference on Trade and Development (UNCTAD), bold reforms would be needed to sustain such a plan. These would include completion of the Doha WTO development agenda to recover trust in the international trading system, stronger international competition laws to clamp down on corporate rent-seeking, an independent global debt authority and an international public credit-rating agency.

Turning the page also demands

a new, post-neoliberal narrative. This would not be economically egoistic but would consider the moral and political ramifications of economic relationships. It would consider global equality, balanced trade and sustainable climate and biodiversity as inalienable global public goods. Such an enveloping narrative is crucial to achieve and cohere concrete advances and to render the multilateral governance system fit for purpose.

Piergiuseppe Fortunato is an economist at the United Nations Conference on Trade and Development (UNCTAD), where he leads projects on global value chains and economic integration, and an external professor of political economics at the Université de Neuchâtel.

Putting the Third World First

A Life of Speaking Out for the Global South

Martin Khor in conversation with Tom Kruse

Martin Khor was one of the foremost advocates of a more equitable international order, ardently championing the cause of the developing world through activism and analysis. In this expansive, wide-ranging conversation with Tom Kruse – his final interview before his passing in 2020 – he looks back on a lifetime of commitment to advancing the interests of the world's poorer nations and peoples.

Khor recalls his early days working with the Consumers Association of Penang – a consumer rights organization with a difference – and reflects on how he then helped build up the Third World Network to become a leading international NGO and voice of the Global South. Along the way, he shares his thoughts on a gamut of subjects from colonialism to the world trade system, and recounts his involvement in some of the major international civil society campaigns over the years.

From fighting industrial pollution in a remote Malaysian fishing village to addressing government leaders at United Nations conferences, this is Khor's account – told in his inimitably witty and down-to-earth style – of a life well lived.

Martin Khor (1951-2020) was the Chairman (2019-20) and Director (1990-2009) of the Third World Network.

To buy the book, visit <https://twon.my/title2/books/Putting%20the%20TW%20first.htm> or email twon@twonetwork.org

