

Book

Solving global crises: economists alone are not enough

Earlier this year, Bjørn Lomborg led the Copenhagen Consensus—a rather controversial project that aimed to rank the “top ten” challenges in setting the world to rights: global hunger, disease control, climate change, conflicts, education, financial instability, corruption, migration, trade barriers, and access to water. A panel of economists were charged with addressing the following question: “What would be the best ways of advancing global welfare, and particularly the welfare of developing countries, supposing that an extra US\$50 billion of resources were at governments’ disposal over the next 4 years?” *Global Crises, Global Solutions* is the result: the ten background papers and 20 commentaries commissioned by the panel, and the panel’s final conclusions.

While the background papers are well worth reading, the conclusions—the priorities for global public action—are misguided and obscure more than they reveal. I have argued in *Nature* that the project as a whole had severe shortcomings.¹ First, it was too conservative—the choice of \$50 billion over 4 years was an arbitrary one. The assignment of a mere \$12.5 billion per year in incremental funding amounts to around only 0.04% of rich-world gross national product (GNP), whereas the world’s rich countries have already promised to move towards 0.7% of GNP in development assistance—an increase of roughly \$120 billion per year over today’s levels. Lomborg declares in the introduction that large increases in aid are not on the cards; this glib conclusion is troubling for two reasons. First, there is real movement towards larger sums, as illustrated by UK Chancellor Gordon Brown’s powerful call for a doubling of annual development aid (roughly \$60 billion more per year). Second, aiming low is a self-fulfilling prophecy. By setting a low

target and inducing conservative responses from the economics panel, Lomborg has failed to demonstrate the real opportunities that larger assistance could provide—bigger ticket items, such as scaled-up basic health services, are downplayed compared with narrowly targeted interventions. The problem of aiming too low is compounded by the fact that the world’s

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governments have already promised to tackle most of the Copenhagen Consensus’ areas of concern simultaneously, in the form of the Millennium Development Goals.

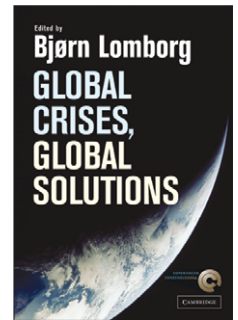
The second problem with the project is that nearly everyone involved is an economist. In fact, it was the absence of the other sciences that led me to decline Lomborg’s invitation to be part of the panel. Where were the other scientists—the agronomists, climatologists, ecologists, epidemiologists, malaria and vaccine specialists, and so on? As a result, the background papers have a dollars-and-cents focus. Scientific information is presented through the over-simplified lens of rudimentary cost-benefit analysis. And most of the panel economists aren’t specialists in the policy areas that they debate here. By contrast, most of the authors of the background papers are highly regarded economic specialists in their respective areas of concern.

Given the cost-benefit analysis framework at the core of the project, the papers that focus on specific interventions—HIV/AIDS control, malaria control, micronutrient supplementation, increased access to safe drinking water

and sanitation—have the most comfortable analytical feel, and several are excellent. But broad social challenges such as financial instability, violent conflicts, governance and corruption, and migration cannot be so easily packaged by simplistic cost-benefit analysis. Although the papers on these topics are generally quite well done, they are far from convincing in searching for a single “bottom line” as to the costs and benefits of specific policies.

In general, the papers on specific interventions showed that high social returns were achievable from greater investments in HIV/AIDS and malaria control, access to water and sanitation, nutritional supplementation, and development of new agricultural technologies. And most evidence supported the implementation of broad-based delivery systems, such as the scaled-up basic health services proposed by Anne Mills. Another emphasis was on the gains to be made by undertaking interventions together, such as simultaneous investments in health care, education, nutrition, and water and sanitation. But, the aforementioned conservatism led the panel to shy away from bolder projects and instead champion narrowly targeted interventions.

The project made headlines for rejecting a policy framework for control of climate such as the Kyoto protocol (which will go into effect in 2005). All three climate-change options were given “bad” grades by the panel. It behooves us, therefore, to have a careful look at the climate paper and its two commentaries. Surprisingly, the paper, by William Cline, in fact endorses a strong climate-control framework. One discussant, Alan Manne, supports a moderate framework, and the other, Robert Mendelsohn, urges a weak one, but a framework nonetheless. In Mendelsohn’s words: “The optimal



Global Crises, Global Solutions
Bjørn Lomborg, ed.
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response to ghgs [greenhouse gases] is to start modestly. Build an international consensus to bring ghgs under control." All three authors endorse limits on greenhouse gas emissions, while the panel (with almost no notable expertise on the topic) reject the option outright.

So how did the members of the panel reach this conclusion? Reading between the lines, it seems that they were asked to evaluate a few specific proposals, and were not given the flexibility to design and endorse other options that might have won wider support—specifically, for a low and rising tax on carbon emissions. And in any event, climate-related policy options do not fit well within the \$50 billion spending framework of the project, since most would tend to raise budget revenues, not expend them.

When I complained¹ that the climate-change conclusions lacked credibility because of the absence of climate-science expertise, Lomborg replied that I was wrong, since "all economic estimates are based squarely on the best natural-science models".² This is ludicrous. Cline used a standard economic simulation model (DICE99)—a plausible strategy for an economist, but it doesn't come close to engaging "the best natural-science models". DICE99 deals only in a rudimentary way with actual climate modelling and the ecological and economic consequences of climate change. While simple economic models can be illuminating, and I applaud DICE99 for what it can do, having climate scientists at the table to highlight the shortcomings of grossly simplified economic models is invaluable for arriving at proper policy conclusions.

Global Crises, Global Solutions is, therefore, worthwhile in that it offers an economic perspective on important problems in global policy. But it is a poor guide for actually setting global priorities, and paints an incomplete picture of the evidence base needed to formulate policies at the interface of science, economics, and politics. Can economists make the world a better place? Yes, of course, but only if they establish deeper working relationships with physical scientists to tackle complex policy challenges in a more concerted manner.

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- 1 Sachs J. Seeking a global solution. *Nature* 2004; **430**: 725–26.
- 2 Lomborg B. Need for economists to set global priorities. *Nature* 2004; **431**: 17.



Sickness and Wealth:
The Corporate Assault on
Global Health
Meredith Fort,
Mary Anne Mercer, Oscar Gish,
eds. South End Press, 2004.
Pp 250. \$18.00.
ISBN 0-89608-716-6.

In brief

Book Health for all?

War, famine, poverty, disease: our television screens are replete with images of the disasters that ravage the developing world. But how much do we know of their causes? And do we understand the part in them played by western governments, corporations, and the World Bank, International Monetary Fund, et al? *Sickness and Wealth* is a collection of essays that explore some of the challenges that face governments and their citizens when the pursuit of trade overrides the pursuit of public health.

What reason can there be for any country not to enshrine the rights of all its citizens to education, adequate nutrition, safe water and sanitation, maternal and child care, and basic prevention and treatment programmes? Well, none. But achieving these rights requires an articulation of the necessary supporting political economy and a critique of market and trade regimes. The extraordinary

campaigns over rights to water in Bolivia, access to medicines in Africa, and ownership of Basmati rice in India highlight how intellectual property and ownership rights are embedded in a trading system largely designed for and by transnational corporations and their governments.

In South Africa, during 2000–02, 150 000 people contracted cholera: Patrick Bond's account of the role of water privatisation in this epidemic is chilling. Water privatisation was a World Bank initiative, part of a debt-relief programme with the aim of increasing income from user fees. Bond shows the market at work—how it divided the population into winners and losers, the rising tariffs rendering water an unaffordable commodity for many of the poor, with those who could pay ending up subsidising the rich. Water also plays a major part in current malaria epidemics. Timothy Holtz and Patrick Kachur explain how inappropriate land exploitation,

pesticide use, poverty, and commodification (privatisation) of public services have led to the re-emergence and dominance of this disease.

But it is the chapter on the battle against AIDS (in particular the Access to Essential Medicines Campaign) that highlights a major tension and contradiction of this book. The campaign is a vertical initiative that challenges some pharmaceutical interests but largely ignores public-health principles and political economy. Likewise, while each essay arrives like a mini hand grenade, shocking and harrowing, overall the power structures supported by orthodox economics are inadequately explored. Nevertheless, these valuable glimpses of the impact of global powers on public health are also foreseeable outcomes of a system that puts trade and profit before the eradication of disease and poverty.

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