

US Sins Toward the Developing World: How They Harm Them and Us

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Preface: "America is great and good"

- Postwar golden era – rise of middle class (1950s-80s)
- US leads the world in creating the liberal global order
- Bretton Woods; Marshall Plan; JFK Alliance for Progress
- America's sins at home and abroad: What we didn't learn about...

The CGD Commitment To Development Index: ranks countries on eight indicators

- US ranks 22nd out of 40 overall (2021)
 - ⑩ Lowest of High-Income-Countries
 - ⑩ Best marks for security and trade
 - ⑩ Worst marks for migration and technology
- Australia ranks 4th
 - ⑩ Worst mark on migration
- US is (a miserable) 38th out of 40 when adjusted for income

Today's talk

- **Part I: Four harms**
 - **Part II: Boomerang effects**
 - **Part III: Why harms arise and persist**
 - **Part IV: Responsibility and restitution**
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Part I: Four Harms

- **Intellectual property rights taken too far: AIDs and Covid**
 - **Reproductive rights of poor women abridged**
 - **Climate injustice tolerated**
 - **Anti-Corruption regulations undercut**
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Harm #1: Intellectual Property Rights Taken Too Far

- **Pharmaceutical industry: largest industry lobby in US. Insulin price; new Alzheimer drug originally priced at \$56k per patient. Medicare prohibited from negotiating prices.**
- **US ranks 39th of 40 countries in restrictiveness of IPR in bilateral trade agreements with developing countries; Philip Morris threatens Uruguay and Togo with legal action over cigarette plain packaging rule.**
- **"Every advanced .. country would have been classified as an IPR violator at the early stages of development". (Baker, Jayadev, Stiglitz, 2017); see also UNDP HDR, 2001**

IPR taken too far: AIDS

- AIDS rages in Africa 1990s; President Clinton's regret: in Rwanda 2006
- WTO 1994: Blesses 20-year patents & bars generics under “TRIPS”
- TRIPS compromise a bad bargain for developing countries
- 1998: S. Af. legislation allows generics; "Big PhRMA" sues Mandela & US gov withholds trade benefits; USTR takes Brazil to WTO over its generics
- Doha Declaration in 2001 clarifies compulsory licensing; opens door to generics

IPR taken too far: Covid

- **2020: More than three decades later: Covid Pandemic**
- **2020: US largest donor to COVAX (aid is politically easy)**
- **2021: But US & other rich countries "hoard" limited future vaccine supply; UN SG calls out "vaccine nationalism"; WHO head pleads for patent waiver; developing country leaders say patent system at WTO puts "corporate profit over human life"**
- **July 2021: Only 1% of people in LICs had received a first shot**
- **End of 2021: India: estimated 2.2–9.7 million excess deaths**
 - **Anand et al. Estimated 3.4-4.9 million excess deaths by June, 2022**

Covid: May 2022 patent waiver still on hold

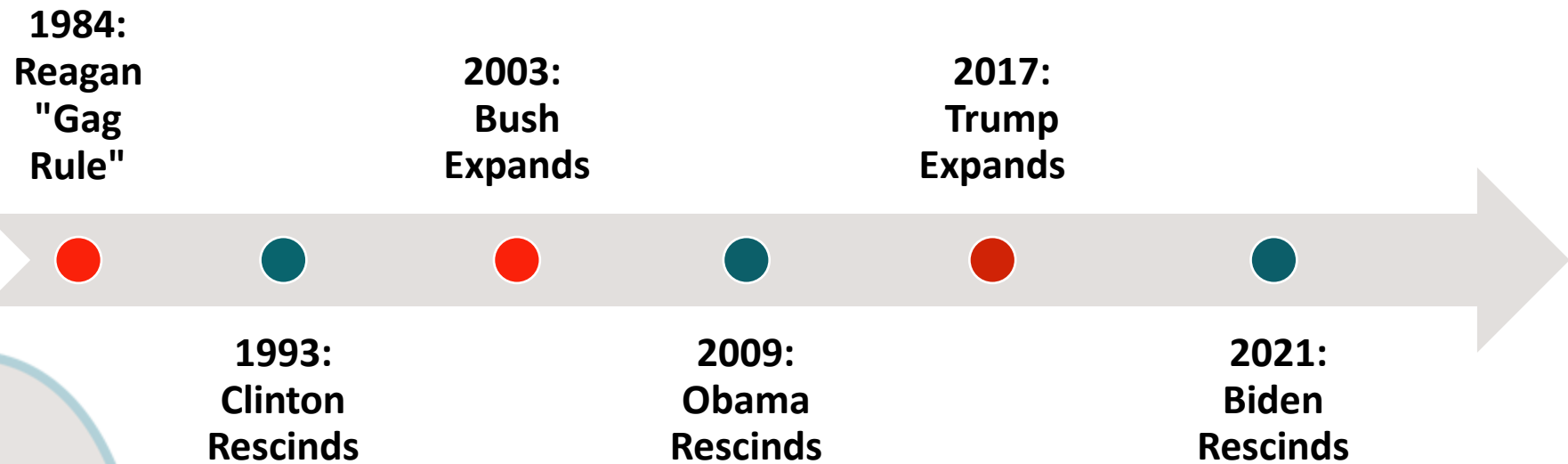
- **May 2021: Biden Administration backs waiver; EU, UK, Switzerland oppose**
- **May 2022: WTO head negotiates waiver agreement among India, US, EU, UK but now US demands explicit exclusion of China**
- **Therapeutics and "know-how" not included in language of proposed patent waiver**
- **Meanwhile:**
 - **May 2022: US buying and providing first booster to young children, and second booster to over-50s in US: vaccine supply in US exceeds demand**

Harm #2: Reproductive Rights Abridged

- US leading donor providing FP/MCH since late 1960s
- 1973: Roe vs. Wade followed by Helms Amendment
- 1984: Mexico City gag rule (World Development Report)



The Mexico City gag rule



The Mexico City policy: 1984-2011

Presidential, Congressional, and Litigatory Actions Regarding the Mexico City Policy

Year	Action	Details	Year	Action	Details
1984	Enact	US delegation to International Conference on Population in Mexico City announces policy as executive order.	2003	Debate	White House proposes expansion of policy.
1985	Lawsuit	DKT Memorial Fund brings legal challenge to US Court of Appeals in Washington, DC. Case fails in 1989.	2003	Debate	In face of opposition, White House abandons expansion of policy.
1987	Lawsuit	Planned Parenthood Federation of America sues USAID. Case fails in Supreme Court in 1990.	2003	Vote	Senate votes to overturn policy. Under threat of presidential veto, bill fails in House.
1990	Lawsuit	USAID is sued by coalition of organizations* in US District Court in Washington, DC.	2003	Enact	President Bush extends policy to apply to State Department funding.
1991	Debate	House debates reversal of policy in Foreign Aid Authorization Bill.	2003	Vote	Senate passes Foreign Operations Bill overturning policy; bill fails in House.
1992	Vote	Congress approves language in Foreign Aid Appropriations (FAA) Bill that reverses policy; language dropped under threat of veto by President G. W. Bush.	2005	Vote	Senate approves amendment to overturn policy; bill fails in House.
1993	Repeal	President Clinton repeals policy.	2005	Vote	Senate approves amendment to FOA bill to exempt contraceptives from policy; bill fails in House.
1996	Vote	Population funding is capped and release of funds blocked, requiring special congressional votes to release funding.	2006	Vote	Senate repeals policy; bill fails in House.
1999	Bargain	In bargaining over other matters, US House leadership elicits agreement from President Clinton to reimpose modified version of policy.	2007	Vote	House votes to exempt contraceptives from policy.
2000	Vote	Foreign Operations Appropriations (FOA) Act delays USAID 2001 funding decisions until February 2001.	2007	Vote	Senate votes to exempt contraceptives and repeal policy entirely.
2001	Enact	President G. H. W. Bush reinstates policy.	2007	Veto	Despite votes to exempt contraceptives in both chambers, bill is dropped due to threat of veto by President Bush.
2001	Debate	Bills are sponsored in House and Senate to repeal policy.	2008	Vote	Senate Appropriations Committee adopts full repeal of policy; House is silent on matter.
2001	Enact	President Bush issues memorandum preventing Congress from challenging policy.	2009	Repeal	President Obama rescinds policy.
2001	Vote	Lee Bill attempts to amend Foreign Relations Authorization Act to repeal policy; it fails in House. Similar attempt fails in Senate.	2009	Vote	Senate defeats amendment proposed to nullify presidential repeal.
2001	Lawsuit	Center for Reproductive Law and Policy sues President Bush. Fails in US Court of Appeals 2nd Circuit.	2010	Vote	Senate Appropriations Committee adopts bill to make future enactments of policy impossible.
2001	Vote	Senate approves language overturning policy. It fails in House.	2011	Vote	House adds language reinstating policy to federal budget bill. Senate refuses to pass budget due to policy riders. Federal government comes within hours of shutdown when Congress cannot pass budget.

Notes: *The coalition of organizations bringing suit in 1990 was The Pathfinder Fund, The Population Council, and the Association for Voluntary Surgical Contraception.

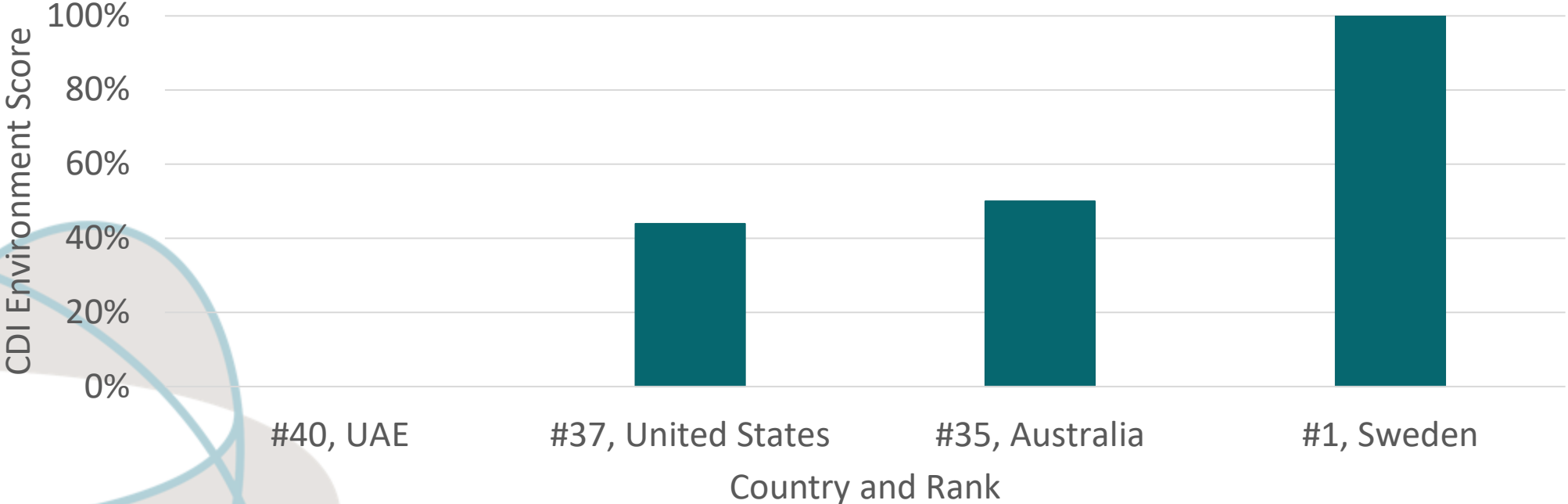
From Table A.2 Jones, K. Evaluating the Mexico City Policy: How US Foreign Policy Affects Fertility Outcomes and Child Health in Ghana <https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.220.7485&rep=rep1&type=pdf>

Effects of Mexico City gag rule: technical studies

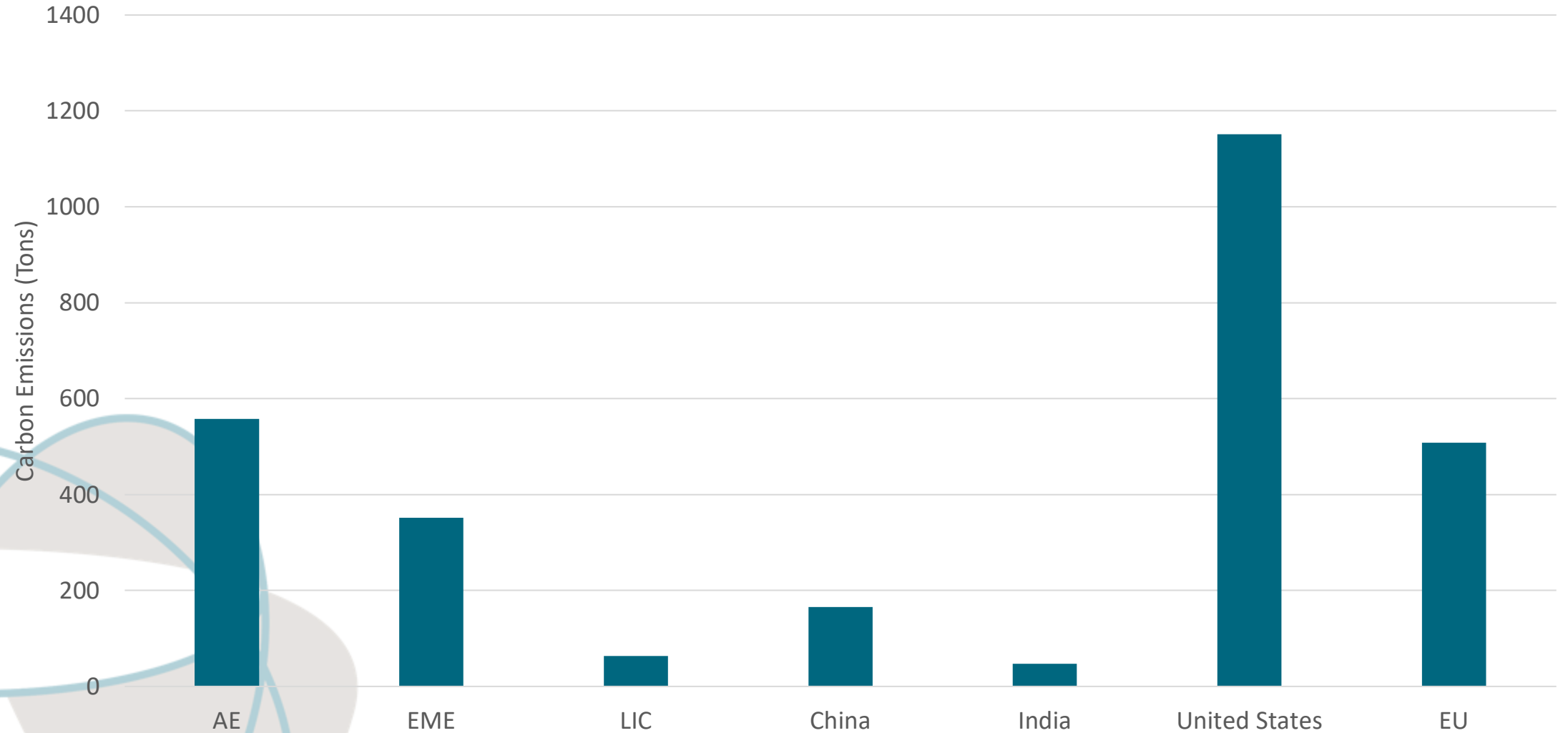
- Use of modern contraception down
- Unsafe abortion rates up
- Maternal deaths up
- **Note: Estimated 97% of 25 million unsafe abortion are performed in developing countries**
- **Sources: Bendavid, Avila, & Miller, 2011; Jones, 2011.**

Harm #3: Climate Injustice Tolerated

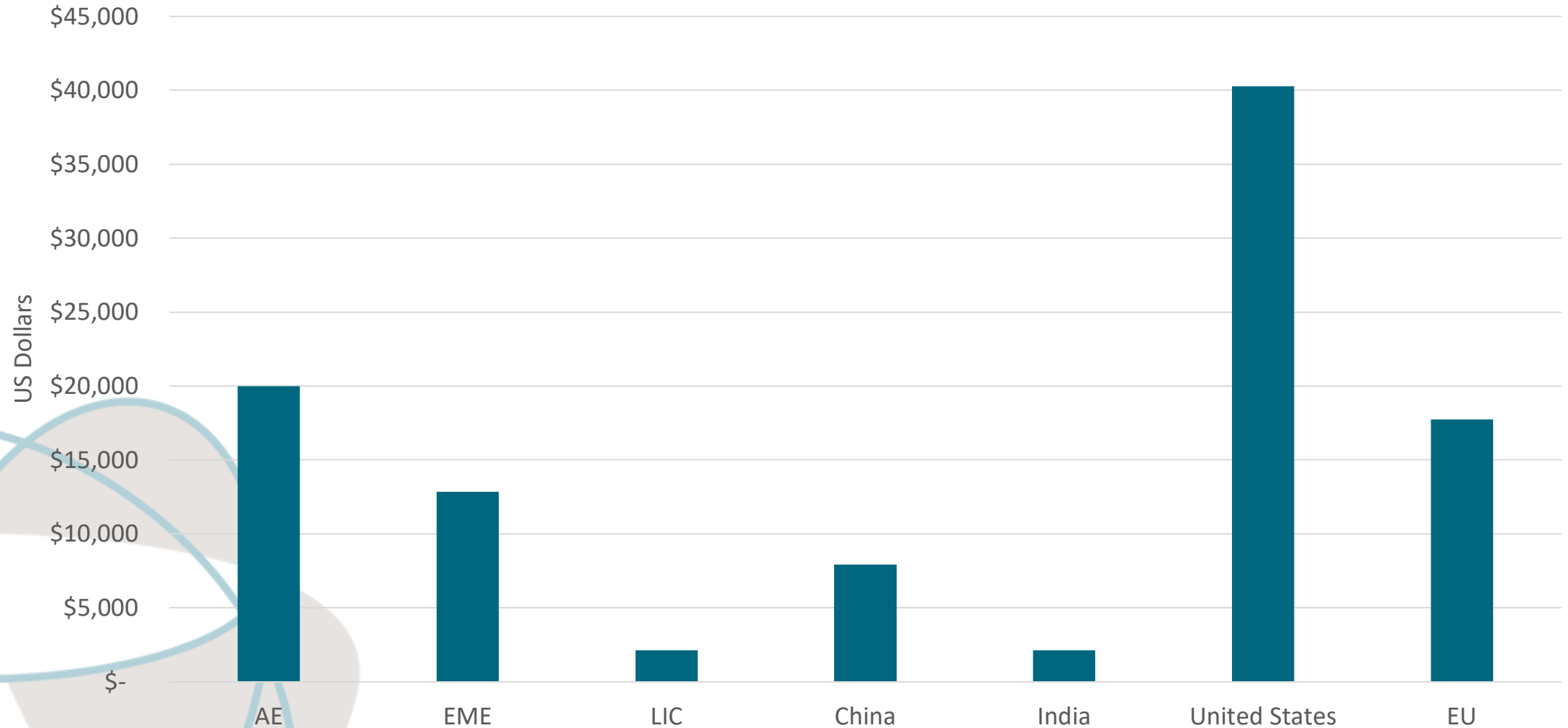
Commitment to Development Index: Environment



US: Highest cumulative per capita CO₂ emissions, 1959-2018



US: Highest cumulative per capita climate debt, 1959-2018



Climate liabilities by country 1979-2019

<u>Country</u>	<u>Liability (\$bn)</u>	<u>Share of Total Debt</u>	<u>Liability per Capita</u>
Guatemala	\$ 13	0.0%	\$ 759
Australia	\$ 421	1.2%	\$ 16,613
United States	\$ 6,505	19.0%	\$ 19,818

From Annex C, Table 8 of Robinson, Mitchell, and Tahmasebi, 2021

<https://www.cgdev.org/sites/default/files/valuing-climate-liabilities-calculating-cost-countries-historical-damage-carbon.pdf>

What US owes Guatemala

- US owes rest-of-world \$6.5 trillion
- US owes everyone in the world \$838
- US owes Guatemala \$14 billion (\$14.7B factoring for vulnerability)



⑩ Guatemala owes \$1.67

⑩ Niger owes \$0.13

Harm #4: Anti-Corruption Efforts Undercut

Two examples:

⑩ Tax evasion tolerated: Panama Papers and more

⑩ SEC Anti-bribery rule disarmed



Tax evasion tolerated

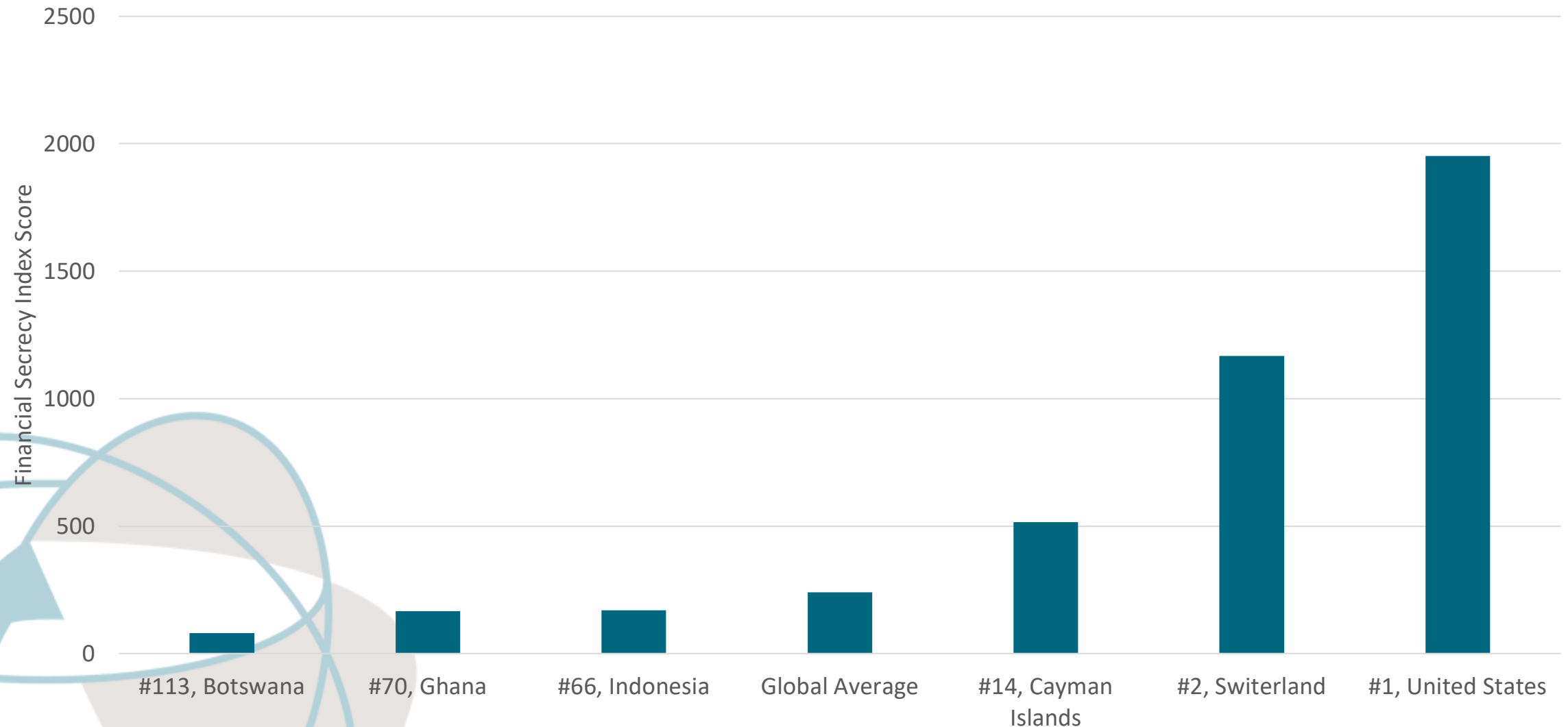
- **Panama Papers: the “Beneficiary designation” problem**
- **Shell company issue: Who really owns/owned about 20,000 companies represented by Mossack Fonseca?**
- **Who loses how much? Angola story, NYTimes Jan, 2020**



More on tax evasion

- **US ranked worst in financial secrecy by Tax Justice Network**
- **One-sided sharing: US has not signed onto OECD automatic sharing of bank info of foreign nationals. US law requires info on overseas accounts held by US taxpayers.**
- **Longstanding complaint of countries in Latin America**
- **2021 New Anti-Money Laundering Act passed over Trump's veto: but more than 20 categories of exceptions....getting to enforceable regulation will take years.**

Financial Secrecy Index (Tax Justice Network)

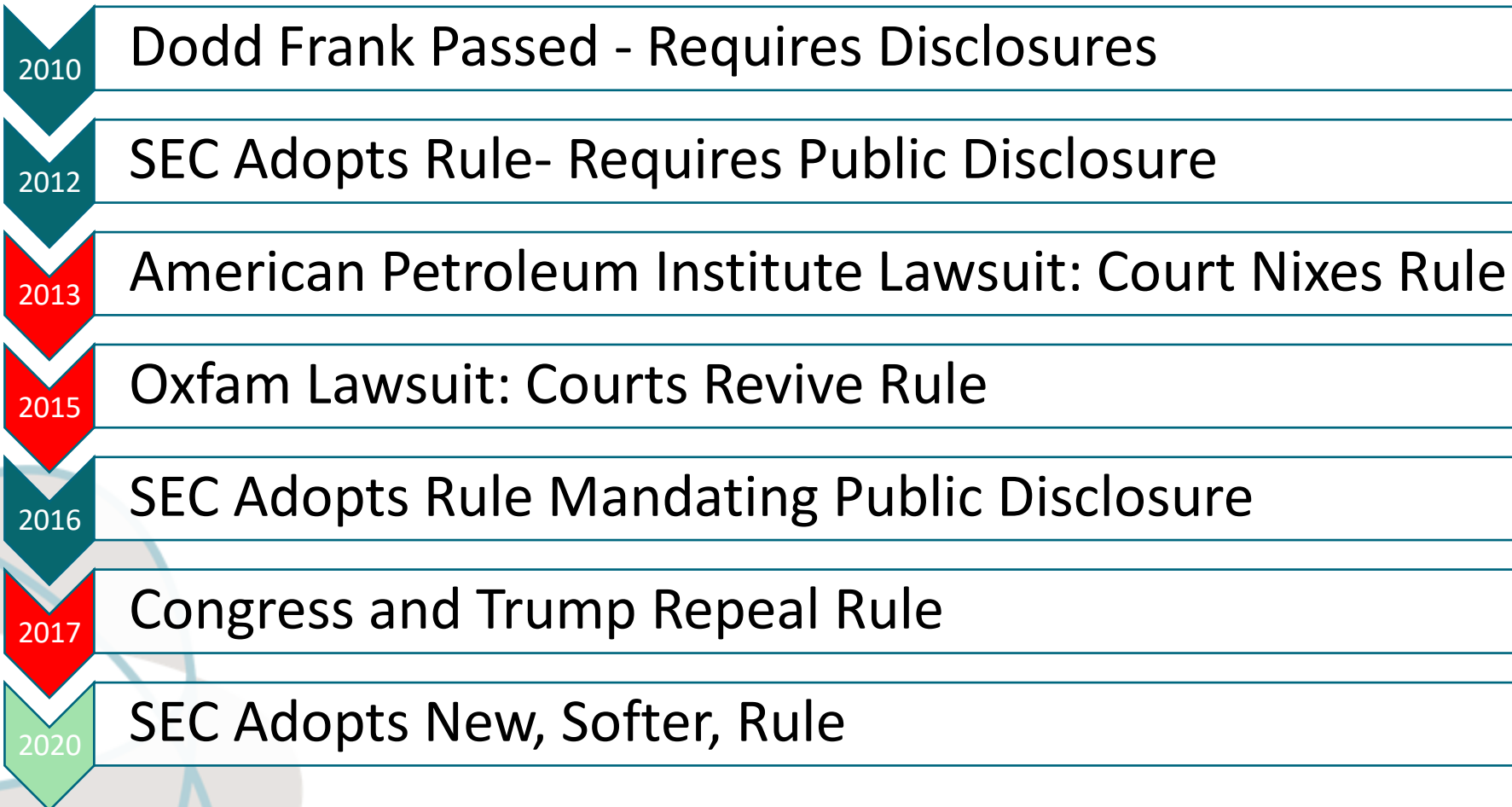


SEC anti-bribery rule disarmed: A sad saga

- **2010 Dodd-Frank law: US companies to report all payments to foreign governments – targeted to natural resource extraction**
- **Regulation to be developed and issued by the Securities and Exchange Commission**



SEC rule goes nowhere: 2010 to 2020



Part II: Some Boomerang Effects

- **Delta and Omicron variants from India and South Africa killed hundreds of thousands of Americans**
- **Calamitous leadership failure (3 decades) on, including penurious \$\$ support for climate programs abroad, mean greater climate damage at home too***
- **Tax evasion, much of it legal, feeds plutocracy and democracy-destroying populism at home. (Will the US Congress agree to Yellen's proposal for a global 15% minimum tax on corporations?)**

Part III: Why America's Harms Arise and Persist

- **Powerful lobbies protect private interests:**
 - ⑩ **Big Pharma spends most (\$356 million 2021)**
 - ⑩ **Oil & Gas lobby #5 (\$119 million 2021)**
- **Complicated for citizens to “see” (IPR; SEC rule) – compared to foreign policy harms (Iraq, Afghanistan); unseen is unacknowledged is unattended**
- **The nation takes priority: poverty and inequality at home; “MAGA”**
- **Deep political divides (reproductive rights/abortion)**
- **Myopia wins in absence of leadership: upfront costs outweigh long term benefits (carbon taxes/trading)**

Part IV: Responsibility and Restitution

- USA: Enormous privilege and power in an unequal, unjust global society. . . creates a "duty of responsibility" to those less well-off in the world.
- "Duty of responsibility" different from the charitable impulse (thus "beyond aid" to America's harms).
- And addressing harms is in the enlightened self-interest of Americans
- Especially in a shrinking world, and while the US still has outsize if declining power and influence
(with rise of China, and "convergence" as some EMEs growing faster than HICs)*

What about restitution? And “Reparations?”

- Georgetown Univ provides reparations for sale of slaves pre-Civil War to acquire land; US Rescue Act includes “reparations” to Black farmers
- HR 40 in Congress to study issue of reparations.
Mullen and Darity 2020: From Here to Equality: Reparations for Black Americans in the 21st Century - estimates \$10-\$12 trillion..
Issue gaining momentum, CNBC, 2020
- “Reparations He Cried – and Then He was Out” Re President Aristide of Haiti in 2004: NYTIMES, May 22, 2022
- Will a future COP (Climate conference) address the question of reparations from rich to poor countries?

End

ASK: WILL OUR GRANDCHILDREN BE BAFFLED BY “OUR INDIFFERENCE TO SUFFERING IN IMPOVERISHED COUNTRIES” (KRISTOF, NYTimes, 2020). . .

AND BY OUR MORAL MYOPIA ABOUT THE FUTURE OF OUR SHARED EARTH?

THANK YOU

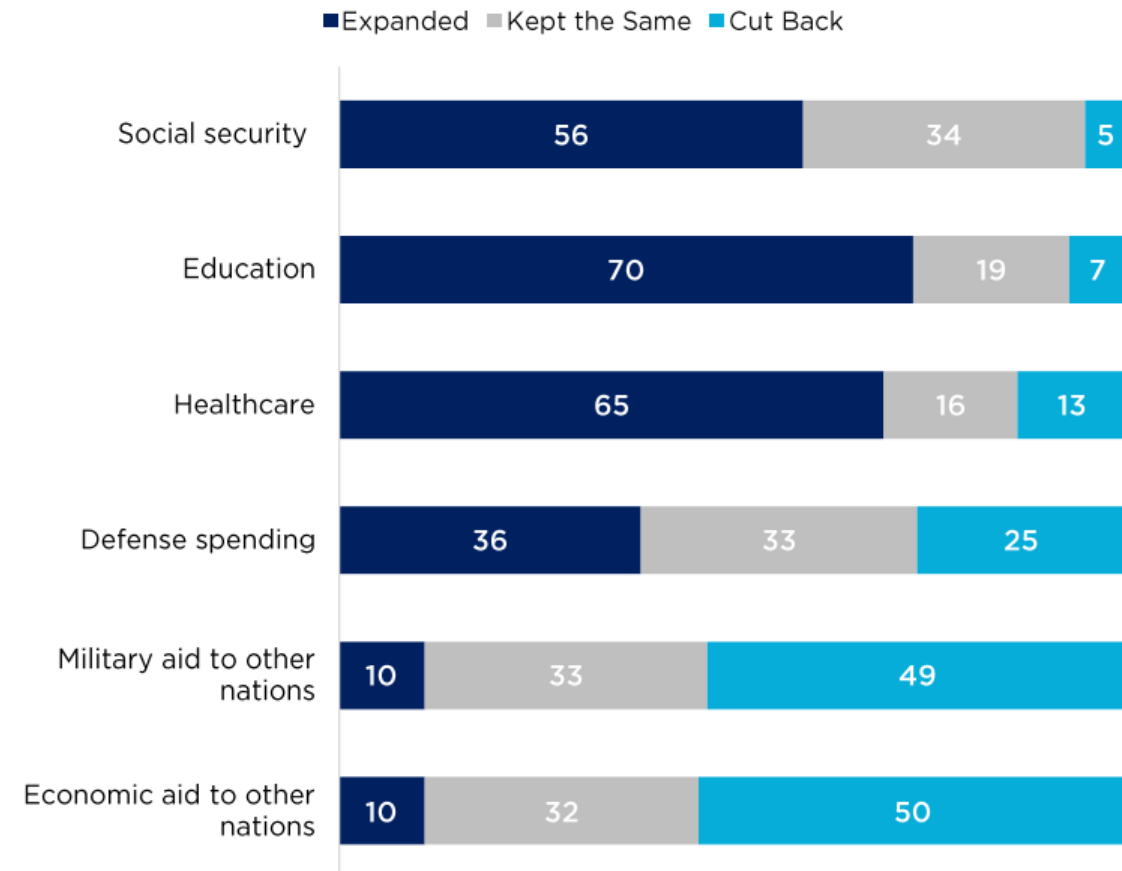




Americans generally support foreign aid, but it's *not* a priority.

Federal Spending

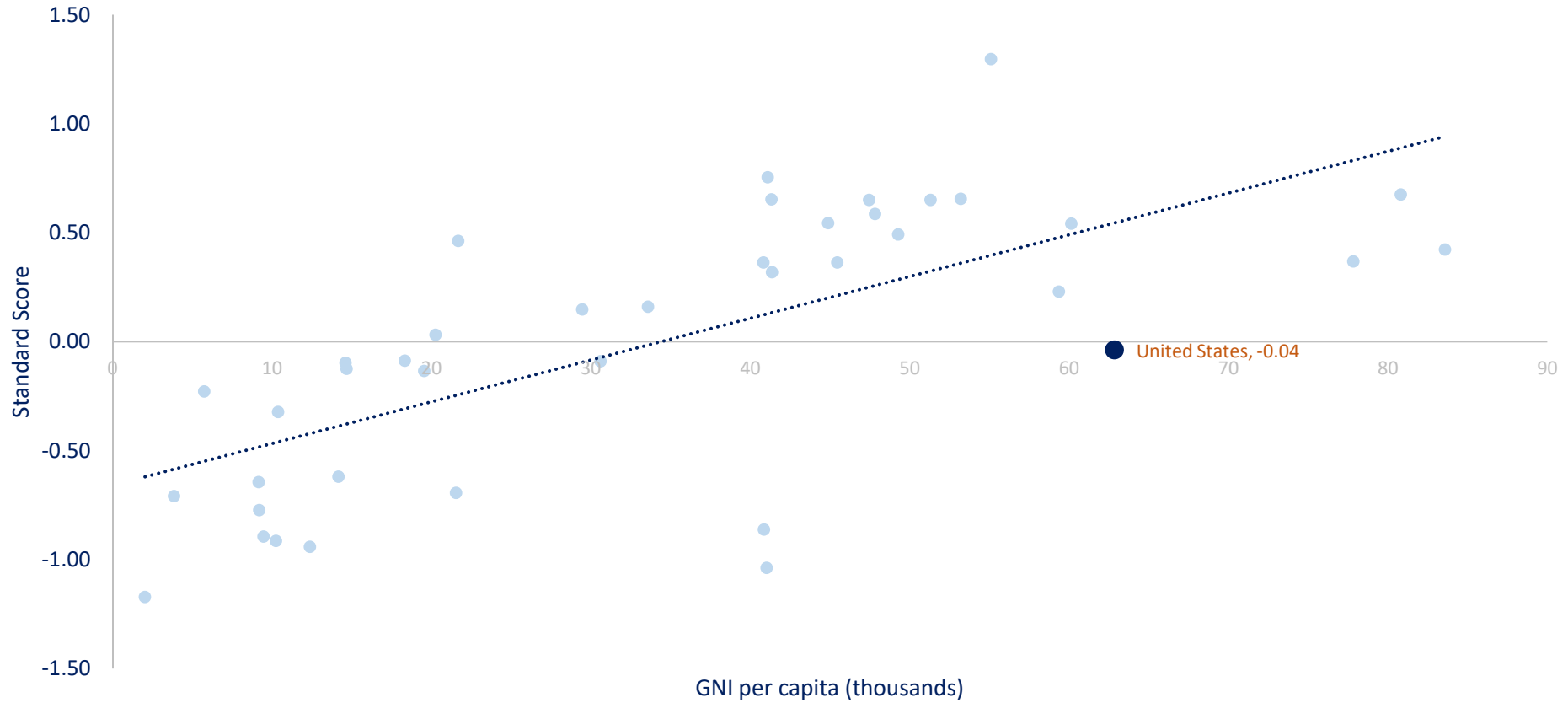
Below is a list of present federal government programs. For each, please select whether you feel it should be expanded, cut back, or kept about the same:



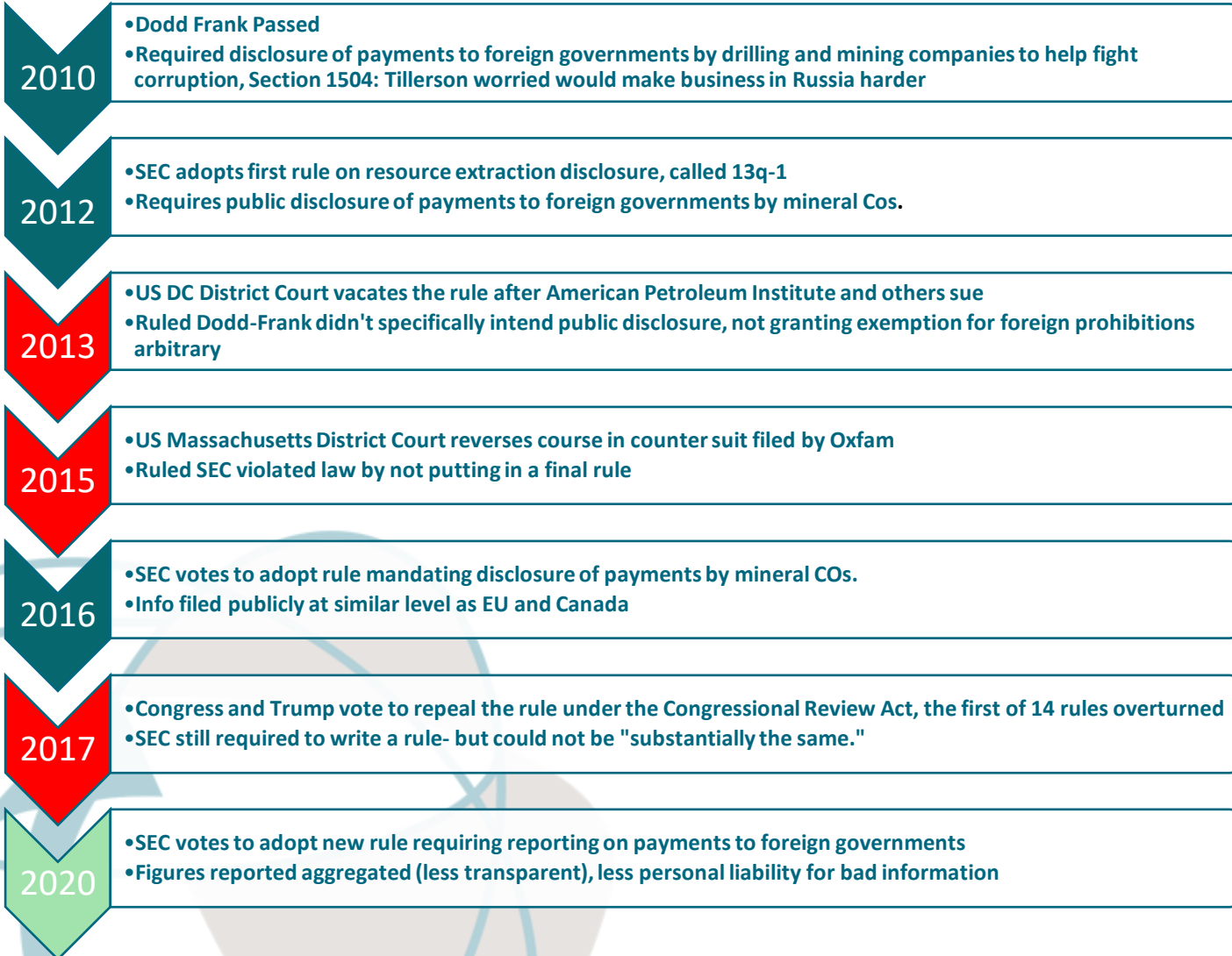
Impact of IPR: 2021 COVID-19 Vaccine Distribution

Income Classifications	Most Efficient Global Vaccine Distribution	Actual Distribution of Administered Doses
High Income Countries	33%	22%
Upper-Middle Income Countries	28%	46%
Lower-Middle Income Countries	33%	31%
Low Income Countries	6%	0.8%

Commitment To Development Scores: Relative to GNI per capita



SEC Rule Goes Nowhere



“In the end, it’s hard to understand who we are serving with this final rule. We are not effectuating Congress’s intent in passing Section 1504. We are not ensuring sufficiently granular disclosure to enable citizens to combat corruption. We are not providing investors with the information that is material to their investment and voting decisions. We are not heeding the numerous calls from issuers who have asked us to harmonize our rules with the international standard. And, most unfortunately, we are not taking the opportunity to further the SEC’s and the United States’ tradition as leaders in the fight against global corruption. I must respectfully dissent.” – SEC Commissioner Allison Herren Lee