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## THE DROP IN GLOBAL POVERTY

A new report from the Centre for Economic and Policy Research (CEPR) suggests that the historic drop in global poverty after 1990 may have been due as much to the happenstance of certain demographic factors as to rapid income growth in China, India, and other populous developing countries.

There has been an historic, massive reduction in global poverty since 1990, applauded by numerous world leaders, economists and media commentators. As noted in CEPR's 2017 *Scoreboard on Development*, two-thirds of the net reduction in extreme poverty in the world in this period has been in China. India accounts for another significant share of the reduction in global poverty.

A new report, *A History of Poverty Worldwide: How Poverty Reduction Accelerated*

*in Recent Decades*, by CEPR economist David Rosnick, takes the story further. It shows that Chinese and Indian economic growth peaked at the same time as these two countries had a highly concentrated proportion of their people near the poverty line. The coincidence of these two facts – economic growth and large numbers of people near the poverty line – overwhelmingly explains the observed acceleration in poverty reduction in these countries. David writes: 'The sudden drop in poverty was due at least as much to the happenstance of timing as it was to rapid income growth'.

*Source: Press release from CEPR, 'New CEPR Report Examines Sizeable Role of Demographics in the Drop in Global Poverty', Washington, May 21, 2019. Submitted by Mary Boyd.*

## INVESTOR-STATE DISPUTE SETTLEMENT (ISDS)

An Australian experience - you lose even when you win

Australia scored a victory over the tobacco giant, Philip Morris, in the Australian High Court in 2012. The court ruled that Australia's plain cigarette packaging laws were legal and did not constitute an unjust confiscation of trademarks and intellectual property. Philip Morris had to pay all of Australia's costs.

Philip Morris, a US company, then moved ownership of its Australian operations to Hong Kong to take advantage of an ISDS provision in an obscure Australia-Hong

Kong investment treaty. ISDS clauses in trade and investment agreements permit foreign companies to sue a government if they believe that a law or regulation has the effect of reducing their actual or potential profits. If the company is successful, the government involved must remove the offending law (or regulation) or pay heavy compensation. The company's claims against Australia were heard by an international investment tribunal. In December 2015, the tribunal found that Philip Morris

was not a Hong Kong company and ruled in Australia's favour. Now read on.

Only in March this year, after two Freedom of Information requests, has it been publicly revealed how much Australia's win cost it. Even though Philip Morris had its case thrown out on the grounds that it was an abuse of process, it will only have to pay half of Australia's costs. Australia's external legal fees and arbitration costs amounted to around A\$24 million; and there would have been substantial internal costs in three Government Departments - Health, Attorney-General and Foreign Affairs and Trade - on top of the A\$24 million. Dr Patricia Ranald, Convenor of the Australian Fair Trade and Investment Network (AFTINET) declared it outrageous that Australian taxpayers must pay costs that are rightly the responsibility of Philip Morris and that ISDS processes are so secretive.

There are now 942 known ISDS cases, with increasing numbers being brought against governments' health and environment laws, including those addressing climate change.

### **Growing opposition to ISDS**

Poorer countries simply cannot afford the costs involved in ISDS cases. Faced with the increasing numbers of ISDS cases, India, South Africa and Indonesia have cancelled ISDS arrangements without negative impacts on investments. We reported in September 2018 that Tanzania has rejected the undemocratic and non-transparent practices of international arbitration of investor-state disputes. As well the European Union (EU) is

excluding ISDS from its current deals, including the EU-Australia Free Trade Agreement (FTA) now being negotiated. The USA and Canada have agreed to phase out ISDS from the revised North American Free Trade Agreement.

However, on 26th March this year, Australia and Hong Kong signed a new trade and investment document that continues to include ISDS. The Australian government claims that this agreement has more safeguards for changes to public health laws than the old treaty that it replaces. It specifically excludes tobacco regulation and regulation relating to Medicare, the Pharmaceutical Benefits Scheme, the Therapeutic Goods Administration and the Gene Technology regulator. But the need for these specific exceptions suggests that the general safeguards for public interest regulations are ineffective. They would not, for example, prevent cases being brought against Australia over energy or climate change regulations or changes in industrial relations laws. Australia should exclude ISDS from current trade negotiations and remove it from existing agreements. The Coalition government still supports ISDS, but Labor has pledged to outlaw it and remove it from existing deals, as have the Greens and Centre Alliance. With the return of the Coalition government at the recent elections, community campaigning needs to continue with renewed vigour. *Sources: 'The Conversation', a not-for-profit media outlet that uses content sourced from academics and researchers, available in English, French, Spanish and Bahasa Indonesia, [www.theconversation.com](http://www.theconversation.com); AFTINET Media Release, [www.aftinet.org.au](http://www.aftinet.org.au) March 2019. Compiled by Allison Healey.*

## **ECONOMIC EMPOWERMENT OF WOMEN IS GOOD FOR ALL**

Women's unpaid work accounts for between 10 % and 39% of Gross National

Product (GDP), according to the United Nations (UN) Research Institute for Social

Development. The International Labour Organization (ILO), in making the case for economic empowerment of African women - now a main topic in international development literature - states that they are disproportionately laden with the responsibility for unpaid care and domestic work.

A World Bank report titled, *Business and the Law 2019: A Decade of Reform* states that sub-Saharan Africa 'had the most reforms promoting gender equality [of any region]'. Six of the top 10 reforming countries are: the Democratic Republic of the Congo (DRC), Guinea, Malawi, Mauritius, Sao Tome and Principe, and Zambia. The DCR made the most improvement based in part on 'reforms allowing women to register businesses, open bank accounts, sign contracts, get jobs and choose where to live in the same way as men. But women still have no land inheritance rights'. Mauritius introduced civil remedies for sexual harassment at work and, in the matter of access to credit, prohibited discrimination based on gender. *Africa Renewal* reports that in Tanzania, men and women have equal rights to land ownership, given in the Village Land Act of 1999, but women and girls still cannot inherit land from their husbands and fathers.

Women's participation in the labour force, mostly in the informal sector, is high in many countries of sub-Saharan Africa, eg., 86% in Rwanda, 77% in Ethiopia and 70% in Tanzania. However, in only eight countries (Gabon, Ghana, Kenya, Libya, Namibia, South Africa, Uganda and Zimbabwe) do more than 50% of women own bank accounts, according to the Global Financial Inclusion Database.

Economically empowering women is not a zero-sum<sup>1</sup> game in which women win and men lose. McKinsey Global Institute has concluded from its research in Africa that since 2010 sub-Saharan Africa has been losing \$95 billion yearly because of the gender gap in the labour market. An organization called *UN Women*, committed to working for gender equality and women's empowerment, states: 'Investing in women's economic empowerment sets a direct path towards gender equality, poverty eradication and inclusive economic growth'.

Experts believe that women's economic empowerment is the key to achieving the African Union's *Agenda 2063*, a continental framework for socio-economic transformation of the continent, and several goals in the UN's 2030 *Agenda for Sustainable Development*, including Goal 1, ending poverty; Goal 2, achieving food security; Goal 3, ensuring good health; Goal 5, achieving gender equality; Goal 8, promoting full and productive employment and decent work for all; Goal 10, reducing inequalities.

Aspiration 6 of *Agenda 2063* envisages an 'Africa whose development is people driven, relying on the potential offered by people, especially its women and youth, and caring for children'. The Minister of Finance, Planning and Administration for Cape Verde, Cristina Duarte, and the World Bank's Vice president for Infrastructure, Makhtar Diop, encourages 'support for young women during adolescence – a critical juncture in their lives'. The *Empowerment and Livelihood for Adolescents* program in Uganda which 'uses girl-only clubs to deliver vocational and life skills training' is a good example according to Duarte and Diop.

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<sup>1</sup> Zero-sum is a mathematical representation of a situation where taking a larger portion of something reduces the amount available for others.

Some other suggestions from various sources include passage of laws that foster financial inclusion; expunging laws that are obstacles to women's inclusion, including those that prohibit them from owning land; use of social media to lobby against those customs and traditions that infringe on the rights of women; giving women, especially in rural areas, access to the internet to be able to take advantage of new technologies; investing in essential infrastructure (information communication technology, sustainable energy, sustainable transport and safely managed water and sanitation), and affirmative action.

Abigail Hunt, a researcher with the Overseas Development Institute, a United Kingdom Think Tank, says the quality of jobs matter. Empowerment is limited when women enter the labour market on unfavourable terms. This includes women's engagement in exploitative, dangerous or stigmatized work, with low pay and job insecurity. Women need access to good paying, safe and secure jobs.

*Source: Economic Empowerment of Women Is Good for All, by Kingsley Ighobor, Africarenewal/magazine/april-2019-july-2019/economic-empowerment-women-good-all, an excellent article, condensed by Mary Boyd.*

## **MODERN SLAVERY HELPLINE RECEIVES OVER 7,000 CALLS IN A YEAR** Report from the United Kingdom (UK)

Anti-slavery charity, *Unseen UK*, set up a national Helpline in 2016 and reports that from October 2016 to December 2018 calls increased from approximately 40 a week to more than 150 a week, an increase of 62%. Calls came from members of the public, police, activists, healthcare and legal professionals, as well as from slavery victims themselves.

More than 7,100 suspected victims of modern slavery were identified across the United Kingdom (UK) in 2018. Romanian nationals were the largest group of victims, followed by Vietnamese and Pakistani nationals.

Labour exploitation - in car washes, beauty parlours, construction sites, hotels and on farms - accounted for the largest number of suspected modern slavery cases.

Jasmine O'Connor, CEO of *Anti-Slavery International*, says that the UK government's 'hostile environment' policy towards migrants had helped create space for slavery to flourish. 'Slavery thrives when we allow discrimination and a hostile environment for migrants. If someone is treated as a criminal when they don't have the right papers, they are easy prey for traffickers, who can act with impunity', she said. 'We also need to consider how our demand for cheap goods and services contributes to employers taking advantage of workers and can become a slippery slope to slavery. We need to tackle the bigger picture and think about how we all play a role.'

*Source: 'The Guardian In Focus', 25th April 2019. [www.theguardian.com](http://www.theguardian.com) Edited by Alison Healey.*

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