

Time for a Seoul development consensus

Introduction

South Korea deserves real credit for making development a central part of their agenda for this summit and for making it a key part of the G20's remit for the future. It is appropriate that, at the first G20 summit of world leaders hosted by a member from outside the G8, poverty and development are high on the agenda.

This is a crucial time for the world's poorest people with almost a billion hungry, millions pushed into poverty by the economic crisis and millions more under threat from climate change.

Oxfam believes this offers an opportunity for the G20 to forge a new Seoul Development Consensus to replace the failed Washington Consensus of the past: a consensus that the road to economic development passes through investment in public services and agriculture; a consensus that the G20 should act to protect poor people suffering in the economic crisis, from hunger and as a result of the changing climate; and a consensus that poor countries should have a greater say in the decisions about the global economy that affect them.

But Oxfam is concerned that the G20's new agenda should not focus too narrowly on economic growth. Growth is necessary but not sufficient to lift poor people out of poverty. From 1981-2001, the world economy grew by \$19 trillion but the one in six people who live in extreme poverty shared only 1.5% of that.

Investment in health, education and support to poor farmers all have a vital role to play in not only in ensuring that poor people share the benefits of economic growth but also in helping poor countries' economic development. Research shows malaria alone costs Africa \$12bn a year in lost revenue. The G20's decision to take up the cause of the world's poor should not be used by its richer members as an excuse to forget the aid promises vital to improvements in health, education and smallholder agriculture.

How the economic crisis affects poor countries

Oxfam research shows that 56 low-income countries face a \$65bn fiscal hole in their budgets as a result of the economic crisis. This is forcing them to cut schools, healthcare and support to poor farmers.

The World Bank estimates that 64 million more people have been pushed into extreme poverty by the economic crisis, forced to live off less than \$1.25 per day.

It is wrong that people in poor countries should pay for the mistakes made by some of the richest people in the world - bankers in Wall Street and the City of London.

Justice demands that the financial sector should pay to repair the damage done to poor people by the economic crisis it caused.

A new food crisis? Almost 1 billion go hungry

Since 2008, the number of hungry people in the world has hovered around the one billion mark – more than at any other time in human history. The price of wheat has risen 60% since September, and may signal another sharp rise in the number of hungry people.

The G20 has a responsibility to address three key global economic problems that keep people hungry: lack of investment in small-scale agriculture that is vital to millions of poor people, volatility in the price of basic food commodities, and the mushrooming of land-grabs by foreign companies in poor countries.

Poor farmers, many of whom are women, are also being hit by variations in weather patterns that make it difficult to know when to plant crops and droughts, floods and other extreme weather events linked to climate change. The rich country members of the G20 have an opportunity to kick start progress towards a global deal to reduce emissions by finding the \$30bn they have promised in fast-start finance for 2010-12 and accelerating technology transfer to developing countries.

Financial Transaction Taxes – the possible dream

Financial transaction taxes are an idea whose time has come. With rich country budgets under pressure a tax that could raise hundreds of billions of dollars from the sector that did most to cause the economic crisis is an attractive proposition.

As poor countries struggle, the Wall Street Journal reported recently that bank bonuses in the US alone are likely to approach \$150bn this year.

The IMF has said that the financial sector is under-taxed and that taxes on transactions are workable and progressive. More than that, the IMF found that many G20 countries already have such taxes, the UK, for example, levies a 0.5% tax on share transactions.

An FTT is backed by the leaders of France, Germany and Spain, as well as more than 350 economists from around the globe including Joseph Stiglitz and Jeffrey Sachs. Financier George Soros also supports an FTT. Austrian economist Stefan Schulmeister calculates that taxes on financial transactions (FTTs) in rich countries have the potential to raise at least \$400 bn–a-year.

Oxfam wants taxes on stocks, bonds, currency and derivatives transaction in the major financial centres of the OECD for good causes. We believe half the money should be used to tackle global poverty and help poor countries cope with climate change. The rest could be used by those countries levying the tax to solve problems – including tackling poverty - at home.

The IMF has proposed an alternative Financial Activities Tax (FAT) which would raise \$93bn-a-year. We think the FTT is a better option and that banks can and should pay more. But how the financial sector is taxed is less important than the principle that it should pay its fair share and make a significantly greater contribution to global society. A FAT tax would be a substantial first step in the right direction as long as it was linked to funding development and climate change.

Poor countries should have a seat at the top table

The G20's aspirations of global economic leadership are undermined by the failure to give poor countries a proper seat at the table. At a minimum it should offer full, permanent seats to the African Union and to Latin American and Asian regional bodies.

The IMF should also become more representative. At the G20 Finance Ministers meeting, Europe agreed to reduce its overwhelming presence on the Board by rotating two seats of its nine seats. This proposal was disappointing. Europe should offer to revisit this proposal as soon as possible to sharply reduce their presence on the Board to three seats. Increases in the IMF quota share for emerging economies agreed last month should come from rich countries not other developing nations. Oxfam also believes the US should give up its veto power.

What is Oxfam?

We are a development and humanitarian organization working with local partners in over 80 countries around the world.

Our spokespeople

Below you will find short biographies of spokespeople available for interviews in Korea. To ensure you receive all our updates and advisories, please send your contact details to jslater@oxfam.org.uk.

To arrange an interview or if you have any questions please contact:

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- ➔ **Jeremy Hobbs** [Executive Director Oxfam International] has been Executive Director of Oxfam International since 2001 and on the board since 1996. He will be available to speak to high-level media on all Oxfam's issues. *Interviews in English*
- ➔ **Takumo Yamada** [Advocacy Manager, Oxfam Japan] Takumo Yamada is leading Oxfam's summit team. He is a specialist on development finance and the role of health, education and other essential services in development. *Interviews in Japanese and English.*
- ➔ **Jasmine Burnley** [Senior Policy Adviser, Oxfam GB] is Oxfam's policy lead for the summit and an expert in financing for development. *Interviews in English*
- ➔ **Mark Fried** [Policy Coordinator, Oxfam Canada] has been following development policy issues for Oxfam since 1994 and has attended G8 and G20 summits since 2002. He can speak across our issues, particularly food security and hunger. *Interviews in English, Spanish and French.*
- ➔ **Joern Kalinski** [Head of Lobby and Advocacy, Oxfam Germany] is one of the founders of Oxfam Germany and can speak to the role of Germany in the G20. *Interviews in German.*
- ➔ **Vitaliy Kartamyshev** [Policy Adviser, Russian Federation, Oxfam Great Britain] is a specialist on health care and other essential services and can also speak to the role of the Russian Federation in the G20. *Interviews in French, English, Italian and Russian.*
- ➔ **Avinash Kumar** [Policy Specialist, Oxfam India] is an expert in essential services and can speak to the role of India in the G20.
- ➔ **Luc Lampriere** [Executive Director, Oxfam France] can speak across development issues and talk about the role of France in the G20. *Interviews in French.*
- ➔ **Susana Ruiz Rodriguez** [Policy Adviser, Oxfam Intermon] is an expert in governance and the private sector. *Interviews in Spanish.*