

Global Health and Globalisation

Lecture 7
Social Determinants of Health and Health Inequalities

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Recap of Lecture 6

Debt and structural adjustment programmes

- global and national economic governance matter
- role of IMF and World Bank

Link between Economic Governance and

- poverty and development
- health systems policy and financing

Economic policy is political

- winners and losers
- just and unjust

Recap of Lecture 6

Global aid and health aid

- Growth in spending
- Changing actors; more crowded landscape
- Change in governance arrangements

Actors (and aid) are tied to different agendas

- Aid as business and trade
- Aid as security
- Aid as industry
- Aid as charity
- Aid as obligation



Selective versus
comprehensive
debate

Recap of Lecture 6

Global Health Partnerships

- Lack of support for the UN / Undermining of UN
 - Real problems: ineffective; overlapping mandates; interagency competition; bureaucratic
 - Policy of zero real growth and shift towards tied funding
- Growth in economic and political influence of TNCs
 - gain control of global rule setting and influence global regulatory institutions / prevent institutions from taking an anti-business stance;
 - gain legitimacy from association with the respected UN agencies ('blue-washing')
 - help gain access to 'markets of the poor'
 - co-optation of civil society actors
- Growth of non-government / civil society sector neoliberalism
- The UN wanted / needed it
 - Kofi Annan's Global Compact
 - need for new medicines

In this lecture

Globalisation

Economic growth, poverty alleviation and wealth

Neoliberalism

Globalisation

- Globalisation is a term with multiple, contested definitions and meanings
- "a process of greater integration within the world economy through movements of goods and services, capital, technology and (to a lesser extent) labour, which lead increasingly to economic decisions being influenced by global conditions"
 - fundamentally, a process which has seen the emergence of a *global marketplace*
 - emergence of institutions of global economic governance; with a concomitant reduction in the political sovereignty of nation states, and thereby of democratic / social / public / accountable control

Globalisation

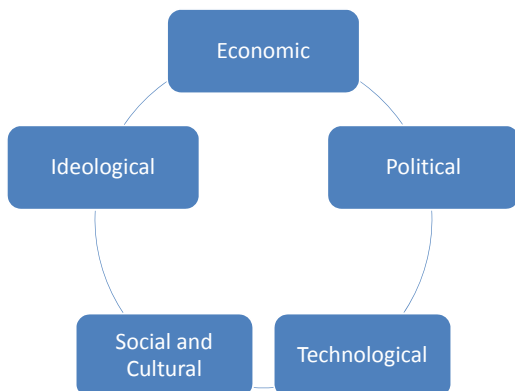
Other dimensions:

- Technological
- Social and Cultural
 - Homogenisation and Diversification?
- "economic globalization has been the driving force behind the overall process of globalization over the last two decades" (Woodward et al)

Globalisation: Types of Change

- **Spatial changes** - how we perceive and experience physical or territorial space
 - Cross-border movement of people, other life forms, information, capital, goods and services has intensified. Trafficking of illicit drugs, cigarette smuggling, undocumented migration, money laundering and global climate change are all trans-border phenomena that contribute to formation of new social geographies
- **Temporal changes** - how we perceive and experience time
 - Social interaction has sped up through communication and transportation technologies. Our lives are also slowed down by other modern complexities that bring us information overload, ballooning bureaucracies, and gridlocked roads.
- **Cognitive changes** - how we see ourselves and the world around us
 - The main agents of change here are the mass media, the advertising industry, consultancy firms and research institutions.

Lee K, 2004. Globalisation: what is it and how does it affect health? MJA 2004; 180: 156-158



Two dominant ideas

Markets and Liberalisation

Economic Growth

Illustration of Prevailing Political-Economic Logic?

'I think the economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable and we should face up to that" (Lawrence Summers)

Just between you and me, shouldn't the World Bank be encouraging MORE migration of the dirty industries to the LDCs (Least Developed Countries)? I can think of three reasons:

1. The measurements of the costs of health impairing pollution depends on the foregone earnings from increased morbidity and mortality. From this point of view a given amount of health impairing pollution should be done in the country with the lowest cost, which will be the country with the lowest wages. I think the economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable and we should face up to that.
2. The costs of pollution are likely to be non-linear as the initial increments of pollution probably have very low cost. I've always thought that under-populated countries in Africa are vastly UNDER-polluted, their air quality is probably vastly inefficiently low compared to Los Angeles or Mexico City. Only the lamentable facts that so much pollution is generated by non-tradable industries (transport, electrical generation) and that the unit transport costs of solid waste are so high prevent world welfare enhancing trade in air pollution and waste.
3. The demand for a clean environment for aesthetic and health reasons is likely to have very high income elasticity. The concern over an agent that causes a one in a million change in the odds of prostate[sic] cancer is obviously going to be much higher in a country where people survive to get prostate[sic] cancer than in a country where under 5 mortality is 200 per thousand. Also, much of the concern over industrial atmosphere discharge is about visibility impairing particulates. These discharges may have very little direct health impact. Clearly trade in goods that embody aesthetic pollution concerns could be welfare enhancing. While production is mobile the consumption of pretty air is a non-tradable.

The problem with the arguments against all of these proposals for more pollution in LDCs (intrinsic rights to certain goods, moral reasons, social concerns, lack of adequate markets, etc.) could be turned around and used more or less effectively against every Bank proposal for liberalization.

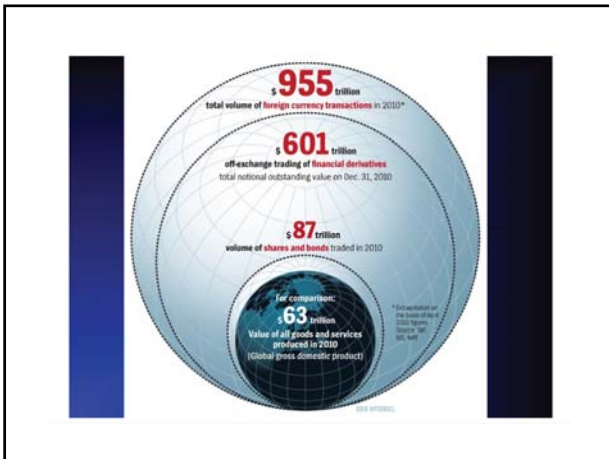
- "There are no... limits to the carrying capacity of the earth that are likely to bind any time in the foreseeable future. There isn't a risk of an apocalypse due to global warming or anything else. The idea that we should put limits on growth because of some natural limit, is a profound error and one that, were it ever to prove influential, would have staggering social costs."

Lawrence Summers, 1991

Dimensions of Economic Globalisation / Global Economic Integration

- *Cluster 1: Trade-related*
- *Cluster 2: Investment agreements*
- *Cluster 3: Labour markets and global reorganization of production*
- *Cluster 4: Debt and structural adjustment*
- *Cluster 5: Financial liberalization and financial crises*

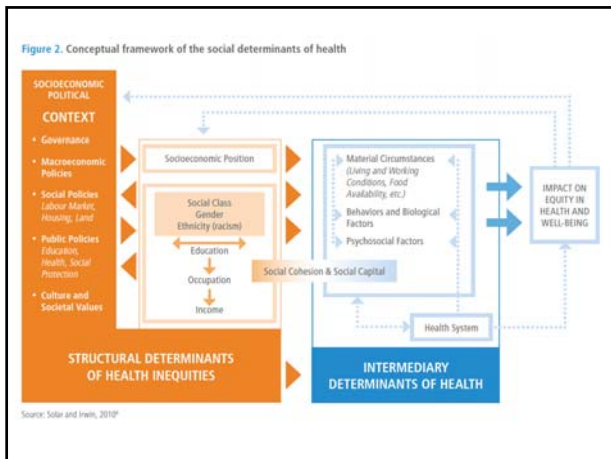
Labonte R and Schrecker T, 2007. Globalization and social determinants of health: The role of the global marketplace



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- *Cluster 6: Geographies restructured and redefined*
- *Cluster 7: Natural resources and environmental exposures*
- *Cluster 8: Marketization of health systems*

Labonte R and Schrecker T, 2007. Globalization and social determinants of health: The role of the global marketplace

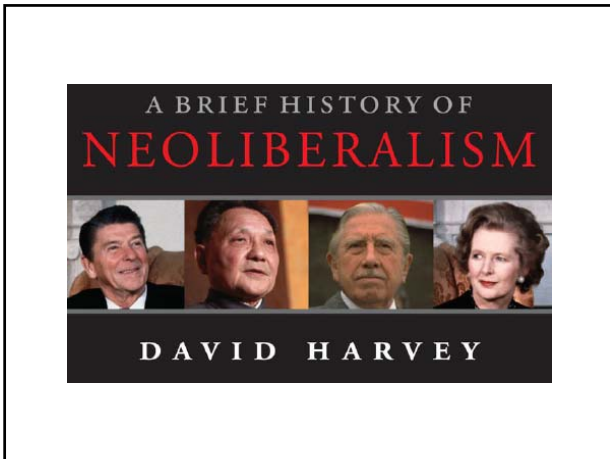


Neoliberalism

- Origins are in economic theory. Applied to public policy, Hayek and Friedman the theorists; Reagan and Thatcher were key implementers
- Essentially means the vigorous promotion of markets – networks in which buyers and sellers interact to exchange goods and services for money – combined with a reduction in government or multilateral regulation.
- Aggressive deregulation
- Initially associated with promoting the maximum freedom of movement for finance capital, goods and commercial services, but now embraces sectors that used to be considered the responsibility of the state: health care, education, social security, water and sewerage, and policing and prison services.
- Associated with stronger and ever-widening scope of property rights

The Globalisation of Neoliberalism

- Structural adjustment and debt
- Globalisation itself
- IMF, WB and WTO
- The growing power of the Trans-national Corporation
- Collapse of the Soviet Union
- Media and culture



The experience of globalisation ...

- Varies from country to country; across individuals
- Winners and losers

– “Globalization, as we know it today, is fundamentally asymmetric. In its benefits and its risks, it works less well for the currently poor countries and for poor households within developing countries”
Nancy Birdsall, Center for Global Development

Poverty

- After unprecedented economic growth (in real terms); an exponential growth in trade; new scientific and technological developments; more consumption of fuel and natural resources than ever before
- How well did neoliberal globalisation do in terms of reducing poverty?

Crisis of Poverty and Under-Development

Income Poverty line		1981	2004	Change
\$1		1,470	970	- 500 (- 34%)
	(excl China)	836	841	+ 5 (+ 0.1%)

Crisis of Poverty and Under-Development

Income Poverty line		1981	2004	Change
\$2		2,450	2,550	+ 100 (+ 4%)
	(excl China)	1,576	2,096	+ 520 (+ 33%)

- 'Ethical Poverty Line'
 - defined as the income level below which further income losses materially shorten life expectancy
 - estimated at between \$2.80 - \$3.90 / day

Peter Edward (2006) "The ethical poverty line: a moral quantification of absolute poverty". *Third World Quarterly*, 37(2): 377-393

Multi Dimensional Poverty Line (UNDP)

- Composite measure of poverty: covers education, health, nutrition and standard of living
- Provides a fuller portrait of poverty than simple income measures
 - Ethiopia: 90% of people are 'MPI poor' but 39% are estimated to live on less than \$1/day
 - Tanzania: 89% live on less than \$1/day compared to 65% who are 'MPI poor'
- Overall figures are somewhere in between the numbers estimated between living on \$1/day and \$2/day

MDG Progress Report 2010 (UNDP)

- "The global economic crisis has slowed progress, but the world is still on track to meet the poverty reduction target"
- Robust growth in the first half of the decade reduced the number of people in developing regions living on less than \$1.25 a day from 1.8 billion in 1990 to 1.4 billion in 2005, while the poverty rate dropped from 46% to 27%.

Average pay rise of Chief Executives FTSE 100 companies 2010-2011?

39%

(treble the rise in share prices and well above workers' average 2% pay award)

Pre-tax income of the richest 1% in the United States?

8% of total in 1974

18% of total in 2008

FTSE 100 companies
Ratio chief executive: average employee pay?

47 in 1998

120 in 2010

Financial sector employees in the UK

Total population	4%
Richest 0.1%	30%

Inequality (Gini coefficient)

- Global Income Inequality = 65
 - Higher than income inequality on any individual country
 - Put another way, top 5% individuals receive about 1/3 world income; and top 10% about 1/2
 - Bottom 10% receives 0.7% total world income; bottom 5% receives 0.3% total world income

World Distribution of Household Wealth

- Wealth = real property + financial assets – debts (more than income)
- richest 1% owned 40% of global assets in 2000
- richest 2% owned 51%
- richest 10% owned 85%
- bottom half owned barely 1%

Davies, Sandström, Shorrocks and Wolff, 2006. *World Institute for Development Economics Research (WIDER)*

Inequality (Gini coefficient)

- Global Wealth Inequality = 89 (official exchange rates)
 - Higher than wealth inequality in any individual country
 - Put another way, top 5% individuals take 71% of global wealth; and top 2% took 51%
 - Bottom half, owned 1%
 - The middle 60% owned 6%

World Wealth

- 8.6 million 'high net worth individuals'
 - those with investable (financial) assets over \$1 million (excluding primary residence, collectibles, consumables, and consumer durables)
 - together, they own \$32.8 trillion (down 20% from 2008)
 - 35% of total global wealth
- 78,000 ultra - high net worth individuals
 - those with investable (financial) assets over \$30 million (excluding primary residence, collectibles, consumables, and consumer durables)

- Studying the key elements of contemporary globalization leads one to contrast two fundamentally distinct visions of the future, which often are only implicit in policy discussions
- presented here in stylized form

In the first vision

- Individuals, households, and national economies have to 'earn their keep' in the global marketplace. This offers major opportunities for some, and major risks for others. Social policy interventions are permissible and even encouraged, but they must be justified in terms of the return on investment
- Social protection is redefined as "social risk management"
- Social policy is redefined in individualistic terms, e.g. helping households "to smooth their consumption patterns" in response to exogenous events ranging from natural disasters to financial crises.
- Government intervention to help the non-incapacitated poor is justified only when "market failures" result from the fact that the poor "are more vulnerable than other population groups because they are typically more exposed to risk and have little access to appropriate risk management instruments".

In the first vision ...

- Because the norms of the market are taken as given, no attention is paid either to normative considerations of social justice or to the empirical question of how (for example) promotion of trade liberalization and financial integration has facilitated capital mobility in search of lower production costs, thereby allowing investors to *create* the "worldwide realities" that are invoked to justify a new generation of domestic social and economic policies to integrate people and countries into the global marketplace.

In the second vision

- Institutionalized recognition of at least minimal access to the material prerequisites for health as a human right, with corollary claims against available resources;
- A form of globalization that recognizes social obligations and incorporates new institutions for global governance
- A regulatory framework for global market forces that is people-centred rather than capital-driven
- Public policy based on a vision of the world where people matter and social justice is paramount
- The idea of a "global social contract" analogous to the social contract within industrialized countries that supports contemporary welfare states

From first to second vision?

- A long and sometimes violent history of political conflicts (notably, but not exclusively, between capital and labour) preceded the implicit contract that underpins many contemporary welfare states and legal frameworks for industrial relations.
- Those conflicts were resolved, and the implicit contracts forged, in a context where national boundaries largely defined the options available to all parties.
- Today, given the shifts of bargaining power that have accompanied the emergence of contemporary globalization, it is not certain that (for instance) investors with the option of capital flight or the managers of transnational corporations would see the need for such contracts ... and they are meanwhile unravelling domestically in many high-income welfare states, especially Anglo-American ones.
