

Health Inequalities in the New World Order

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Abstract

The international health gap is widening. The lagging health status of poor countries is largely due to the lack of material resources and barriers to economic development. The lack of resources and barriers to development reflect the dynamics of a single integrated global system, the New World Order, which is structured in a way that discriminates against the poor countries. The structured unfairness of the New World Order is a consequence of economic policies which have been forced on poor countries (through structural adjustment) and adopted by industrialised countries (under the slogans of neoliberalism). The ascendancy of these policies reflects a certain conceptual logic and a certain configuration of power. There are alternative accounts of the global economy which relativise the logic of neoliberalism and spotlight the immorality of those who deploy power to impose the structured unfairness of the New World Order. The political economy tradition provides theoretical models and descriptive frameworks which are essential resources for public health activists seeking to understand the wider context which frames inequality in health and to engage with the logic and the power of the New World Order.

The international health gap is widening

Life expectancy everywhere is increasing yet the health gap between the rich world and the poor world is widening. The mortality gap for the under fives has more than doubled since the 1950s.

Age Group	1950	1980	1990
< 5	3.4	6.4	8.8
5-14	3.8	6.5	7.0
15-59	2.2	1.8	1.7
60+	1.3	1.4	1.4

Table 1. The widening global health gap. Age-specific death rates expressed as the ratio DDC/(FSE+EME); the ratio of the age specific death rates in the demographically developing countries (DDC) to the combined rates of the formerly socialist economies (FSE) and the established market economies (EME). (Calculated from Table A.5, p203 of the World Development Report 1993)

The lagging health status of poor countries is largely due to the lack of material resources and barriers to economic development

The immediate reasons for the lagging health status of the developing world are well known. They may be categorised as: lack of access to health care; barriers to healthier ways of living; hazardous living environments. These are the proximal causes of poor health. They reflect and mediate influences which need to be understood in more macro

terms: lack of resources and barriers to development. Lack of access to care is associated with family and national poverty, user pays health care systems without insurance and privatisation. Barriers to healthier ways of living include poverty, powerlessness, alienation and violence. Hazardous living environments are associated with family, regional and national poverty, war, lagging infrastructure development and environmental degradation.

The lack of resources and barriers to development reflect the structures and dynamics of a single integrated global system, the New World Order

Welcome to the New World Order, the global village, buzzing with exciting new technologies and escalating productivity. But the New World Order (NWO) has some downsides too including widening economic polarisation and the rising challenges to democratic sovereignty.

The NWO presents both promises and opportunities for health as well as threats and hazards. The opportunities include: powerful sick care technologies, improved knowledge about the pre-conditions for better health and the resources to create healthy, safe and supportive environments. However, for many millions of people the threats to health associated with the New World Order are far more immediate: poverty, alienation and violence, collapse of social infrastructure, unemployment and underemployment and environmental degradation.

The global system (the New World Order) is structured in ways that discriminate against poor countries

Widening health inequalities correspond closely to widening economic inequalities, both within and between countries. In many respects these reflect the basic structured unfairness of the global economy. It is a steeply sloping playing field.

Industry and trade are the sectors of social life where wealth is produced and where the distribution of wealth is determined. The structures and rules which determine the production and distribution of wealth are strongly biased in favour of the rich strata of the rich countries. This can be demonstrated in relation to agriculture, commodities, manufacturing, technology, capital and labour. Examination of each of these sectors of production and trade demonstrates how widening inequality is structured into the New World Order.

The regulation of global agriculture involves one way trade liberalisation. Developing countries have been forced to stop supporting subsistence farming and move to export production including agribusiness. However, the industrialised countries continue to subsidise and protect their own farming and in some cases dump subsidised products in Third World markets.

Global trade in commodities is largely a buyers' market. There are many sellers and a small number of powerful buyers. There is generally tight price competition and with changing technologies many of the markets are quite static. Where producer countries

have tried to get together as producer cartels they have faced strong opposition and threats of retaliation.

Manufacturing globally is dominated by the big corporates and there is fierce competition between them in many of their markets. However, in these markets brand competition plays a major role and the producers have some discretion with respect to price. This contributes to 'sticky' pricing where increases in input costs are passed on in prices but productivity savings flow to profit. Where poor countries, selling agricultural produce and other commodities, trade with rich countries, selling manufactures, technology and services there tends to be a progressive deterioration in the terms of trade; prices for agricultural products and commodities fall relative to the prices for manufactures. Peasants have to work harder to buy the same basket of imported goods.

Trade in technology is very much a one way street. Poor countries have to pay for patented know-how from the large corporates whose property rights are protected by the WTO. They are further disadvantaged by the barriers they face in producing new technologies; building a technologically trained workforce and building institutional capacity for research and development.

Like technology, access to capital is controlled in the heartlands of capitalism, by the transnationals (TNCs), banks and the money markets. Capital flows to poor countries are generally conditional upon free market reform and social stability and even then carry a high premium for risk. The barriers to poor countries developing their own indigenous manufacturing are huge; not just the price of capital and technology but the exposure to cheaper imports consequent upon the forced dismantling of import protection.

Labour markets are where free trade stops (except for the trade in 'symbolic analysts'). Reich has coined the terms 'routine production workers', 'personal service workers' and the 'symbolic analysts' to describe the new structures of stratification and polarisation emerging across global labour markets. Immigration barriers to the movement of labour within the routine production and personal service sectors mean that while the distribution of work is determined by the owners of capital and technology the movement of labour is tightly contained by national boundaries. Where capital chooses not to go there will be no work. The structured unfairness of this regime has two dimensions: the capacity of TNCs to take mass production to very low wage sites and secondly the protection of living standards in the rich countries. The symbolic analysts are of course the exception, competing in a labour market which is increasingly integrated globally and facing growing demand for their skills and commanding proportionately higher salaries. The ways in which the rich countries encourage the brain drain by selectively admitting symbolic analysts may serve as a metaphor for the continuing flow of value from South to North.

The structured unfairness of the New World Order is a consequence of economic policies which have been forced on poor countries and adopted by industrialised countries

The structured unfairness of the New World Order is not an accident. It is a direct consequence of the economic policies of the last two decades which have restructured the world economy in ways that favour the interests of the rich capitalist metropolis. These policies have been packaged separately for the poor world and the rich world. In the poor world they are called 'structural adjustment' and in the rich world they are labelled more generally as 'neoliberalism' (or 'economic rationalism' in Australia). However, despite the different packaging these two policy regimes are very similar.

Structural adjustment packages, which are commonly forced on developing countries as a condition of debt relief, include:

- re-orienting the economy to export markets (including withdrawal of support for subsistence agriculture);
- reducing import barriers;
- making the economy more attractive for foreign investment;
- creating more 'competitive' labour markets (weakening unions);
- moving to small government, including low taxes, reduced public sector provision and privatisation.

A very similar package of policies has been implemented in many industrialised countries (especially the Anglophone countries) under the flag of neoliberalism. The main difference in the industrialised countries is the somewhat greater focus on eliminating barriers to international capital flows rather than on being more receptive to foreign investment. The emphasis on reducing import barriers is also modulated somewhat according to the strengths of local producers.

If neoliberalism is responsible for building such an unfair global regime why has it been so successful?

These policies, in both presentations, are very much about adapting the economies of both poor and rich countries to take their places in the emerging New World Order. Understanding how this situation has developed is critical for public health advocates who wish to argue for a different set of policies to create a fairer new world order and reduce global health inequalities.

So why are these policies so persuasive? Have they been imposed through the power of those whom they benefit? And if so, how and by whom? Or have people been persuaded by their particular rationality? In which case: what is the story and what is the evidence. Perhaps it is a bit of both, power and rationality.

Rise of neoliberalism: a reflection of changing power relations?

It is clear that the project of national democratic sovereignty is under increasing pressure. At the heart of neo-liberalism is a suspicion of government and of democratic process; an argument for limiting the role of government to certain core functions, such as law and order, while allowing the free market to achieve its efficiencies unconstrained by public sector competition or regulation.

The forums of representative democracy are both the focus of this attack and one of the key places where the argument will be determined. The corporate interest is well represented by the close involvement of big money and powerful media groups in electoral politics and helps to explain the rise of Tweedledum politics in government.

With instantaneous global news the financial markets are very aware of the policy directions that governments all over the world are considering. Business sentiment in relation to such decision-making can be communicated equally rapidly through currency sell-offs and exchange rates fall-offs.

In the developing world the pre-eminent disciplinarian is the IMF backed up by the World Bank. More extreme discipline may sometimes be necessary as with the economic boycotts of Cuba, Vietnam and Iraq and the bombing of Iraq and Yugoslavia.

The rationality of economic rationalism

Clearly there are forces associated with the elites of metropolitan capitalism who are able to exercise powerful influence on policy debate and the reshaping of the New World Order.

However, there is a rationality to neoliberalism also; a rationality which can be articulated in terms of the “wealth through growth” proposition. This story argues that global well-being depends on new wealth creation (reflected in economic growth). Wealth creation is driven by new technologies (enhanced productivity); new frontiers of industrialisation (where people with energy and needs gain new access to technology and capital); creation of new domestic markets (commodifying functions previously performed outside the market); and by the exploitation of natural resources. These developments are all best managed by market forces (hence the need for deregulation and small government).

“Wealth through growth” is a plausible story and is consistent with some histories. It is also consistent also with the material interests and perspectives of the elites of the rich world. It provides the rationale for structural adjustment and neoliberalism.

Global crisis deferred

There are alternative stories. The story of “wealth through growth” can be relativised by considering the story of “global crisis deferred”. This story is not disseminated through the mass media but it circulates widely in oppositional movements and in developing countries. It was certainly present at Seattle in November 1999.

According to this story the global economy faces a looming crisis which is continually deferred through adaptive policies, many of which make the crisis worse. The threat of crisis stems from the imbalance of accelerating productivity over constrained demand. Increasingly efficient production for increasingly global markets tends to a decline in aggregate employment and therefore a decline in demand. Corporations see sluggish demand growth as a threat to their profits and respond by strategies aimed at cost cutting and expanding market share. Both strategies exacerbate the underlying dynamic: cost cutting by replacing labour with technology and replacing high wage labour with low wage labour and the fight for market share through concentration (and reduced aggregate employment). However, the reason that the tendency to crisis remains simply a tendency and is not manifest is that (the tendency to) declining demand (from lower wages and fewer jobs) is obscured because consumption levels are maintained by the increasing use of debt.

In this story the rapidly expanding role of the financial sector is critical. Consumption expenditure in the North is maintained (and the crisis deferred) by the continuing flow of value through the metropolitan financial system:

- from the governments of the South (national debt repayment);
- from the dividends paid by the big corporations (who are increasingly 'owned' by the metropolitan finance sector);
- from the households of the North (servicing an increasing load of debt);
- through the conversion of environmental assets into current income flows; and
- through the continuing transfer of value from South to North (through unequal trading relationships).

Making sense of widening global health inequalities

To review the argument. Global inequalities in health are widening. These are clearly related to widening economic inequalities. Widening economic inequalities are related to the structured unfairness of the New World Order. The structured unfairness of the New World Order has been actively created through a raft of policies implemented through the muscle of structural adjustment and the logic of economic rationalism.

We have compared two stories which claim to make sense of what is happening in the global economy and which therefore might provide some guidance with respect to inequalities in health. These I have labelled: "wealth through growth" and "global crisis deferred".

What do these stories offer in terms of understanding and addressing inequalities in health? "Wealth through growth" counsels essentially 'suffer now for better health later' (for some ... perhaps... and perhaps much later...). The apologists for "wealth

through growth” argue first, that the glass is actually half full – that in almost all countries life expectancy is actually increasing (and that focusing on inequality merely reflects the politics of envy); second, that widening health inequalities are not actually due to economic reform; third, they acknowledge that that health inequalities may be partly due to economic reform but these costs are offset by the benefits and finally they argue that the health consequences of economic reform can be ameliorated by better policy and governance.

“Global crisis deferred” suggests on the other hand that the global burden of disease from inequality reflects the costs of maintaining the health of the North (at the cost of the health of the South) and of maintaining the health of the symbolic analysts (at the cost of the health of the routine production and personal service workers).

Which story is really true? The global economy is impossibly complex and we are all inside it. Different problems and opportunities confront different stakeholders in different places and times and suggest different explanations and strategies. “Wealth through growth” has some explanatory power and some merit as a basis for policy. However, the story of “crisis deferred” throws light on some of the longer term and system dynamics which are ignored by “wealth through growth” and also on the distributional consequences. However, “crisis deferred” is only part of the story. There are many more stories which could be told; the truth of each story bound up with the context, interests and perspectives of the story teller.

Implications for practice

I draw three conclusions from the argument I have presented:

- the political economy tradition provides theoretical models and descriptive frameworks which can help us to understand the wider context which frames inequality in health;
- debates around economic policy and structural reform are key arenas in which the fairness of the New World Order is being determined; public health people must be able to speak in the language of political economy if they are to take part in these debates;
- the fairness of the New World Order will not be determined by debate alone; public health people who would reduce inequalities through fairer structures may also need to participate in the organisational politics through which the new rules and new institutions are being shaped.

If public health activists are to engage in debates over fairness and the politics of the New World Order it is important that we are reflexive about the particularity of our own positions.

There is no single truth about the global economy; every story is told from a particular position, a particular set of pre-occupations, problems and purposes, a

particular world view. Understanding the logic of a particular position involves listening to people's experiences and aspirations as well as listening to their argument. Activists who wish to advance the interests of poor countries in debates about economic policy and the fairness of global structures need to do so in collaboration with people in those countries; giving voice to their experience as well as their argument.