Globalisation and Health: A Framework for Analysis and Action

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**Introduction**

Globalisation is one of the key challenges facing health policy makers and public health practitioners (McMichael and Beaglehole, 2000). While there is a growing literature on the importance of globalisation for health (Lee and Collin, forthcoming), there is no consensus either on the pathways and mechanisms by which globalisation affects the health of populations or on the appropriate policy responses. There is, however, an increasing tension between the new rules, actors and markets that characterise the modern phase of globalisation and the ability of countries to protect and promote health.

This paper proposes a framework for understanding and analysing globalisation, especially its economic aspects, and its impacts on health. It also presents a set of objectives for action at the national and international levels for the protection and promotion of health in the context of globalisation, particularly for poor populations.

The paper has three key themes. Firstly, an agreed analytical framework is essential for a reliable assessment of the health effects of globalisation, the development of a research agenda and of appropriate policy responses. Secondly, the indirect effects of globalisation operating through the national and household economies are important for health outcomes, as well as the more obvious and direct effects on health risks and the health sector. Thirdly, the effects of globalisation will be optimised only when improvements in health and well being become central objectives of national economic policy-making and the design and management of the international economic system.

\(^1\) This paper will form part of the September 2001 edition of the *WHO Bulletin*, which will focus on Globalisation and Health.
Globalisation: an Overview

The process of economic globalisation over the last two decades has been characterised both by a dramatic growth in the volume of cross-border flows and by major changes in their nature. International trade has grown at an accelerating pace - nearly 8.6% per year in 1990-99 - and the proportion accounted for by services has increased steadily, reaching nearly 19% in 1999 (WTO, 2000a; 2000b). Financial flows from developed to developing countries have increased much more dramatically over the last decade, more than recovering from the post-debt crisis slump of the 1980s. Once mostly made up of aid and commercial loans to governments, these financial flows are now overwhelmingly dominated by investments in productive capacity from transnational companies, and in shares by institutional investors, flowing to the private sector (Woodward, 1998). However, this transformation has largely by-passed low-income countries, most of which remain critically dependent on aid flows. These aid flows are only now beginning a slow recovery after years of decline, remaining 16% below their 1991 levels in 2000 despite a temporary boost as a result of the Asian financial crisis. Total net official development finance (including non-concessional loans) fell still further, from a peak of $60.9bn in 1991 to an estimated $38.6bn in 2000, an overall decline of 37% (World Bank, 2001, Table 4.1).

These changes in cross-border flows reflect, and were preceded by, a considerable opening of economies, particularly in developing countries, through the lowering of trade barriers, removal of capital controls and liberalisation of foreign exchange restrictions. This opening of economies has occurred largely in response to International Monetary Fund and World Bank programmes, and, in the case of trade, has been consolidated by the Uruguay Round Agreements of the World Trade Organisation. A major difference from the last major period of globalisation in 1870-1914 has been in cross-border movements of people. These are now largely limited to travel and tourism with a slower growth in legal migration as developed countries have sought to close their borders, except to highly skilled people or those with capital.

Globalisation and Health: a Conceptual Framework

Figures 1 and 2 provide a conceptual framework for assessment of the linkages between
globalisation and health; Figure 1 provides an outline of the framework, while Figure 2 expands on each of the components. The relationship between the three processes of globalisation is circular: increasing flows stimulate the development of global rules and institutions, which promote the opening of economies, which increases the scale and scope of cross-border flows. The globalisation process is influenced by a number of driving and constraining forces: technological developments, political influences, economic pressures, changing ideas, and increasing social and environmental concerns.

Population health status and its distribution are determined by population level influences, individual-level health risks and the health care system. The latter two are strongly influenced by the household economy. There are multiple direct and indirect linkages between globalisation and the proximal determinants of health. This model highlights five key linkages from globalisation to health; three direct effects and two which operate through the national economy. The direct effects include impacts on health systems and policies operating directly (e.g., the effects of the WTO General Agreement on Trade in Services (GATS)) and through international markets (e.g., the effect on pharmaceutical prices of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs)); and direct effects on other influences on health at the population level (e.g., cross-border transmission of infectious disease, and marketing of tobacco). The second category includes effects operating through the national economy on the health sector (e.g., effects of trade liberalisation and financial flows on the availability of resources for public expenditure on health, on the cost of inputs,); and on population risks (e.g., the effects on nutrition and living conditions mediated by impacts on household income).
Figure 1: Outline Conceptual Framework for Globalisation and Health

DRIVING FORCES, FACILITATING FACTORS AND CONSTRAINTS

GLOBALISATION

WORLD MARKETS

POPULATION-LEVEL HEALTH INFLUENCES

HEALTH-RELATED SECTORS

NATIONAL ECONOMY, POLITICS AND SOCIETY

INDIVIDUAL HEALTH RISKS

HOUSEHOLD ECONOMY

HEALTH CARE SYSTEM

HEALTH
Figure 2: Detailed Conceptual Framework for Globalisation and Health

**Globalisation**
- openness
- rules and institutions
- cross-border flows

**Driving Forces, Facilitating Factors and Constraints**
- technology
- political influences
- economy
- ideas
- global concerns

**Mediating Factors (National Endowments)**
- Household Economy
  - resource availability
  - resource allocation
  - time allocation
- Health Risks
  - nutrition
  - environment
  - behaviour

**Health**
- overall level
- equity

**Population-Level Health Influences**
- environmental
- infectious
- availability of dangerous products
- social/cultural

**Health-Related Sectors**
- National Level: macroeconomy and markets, politics, society

**World Markets**

**Mediating Factors (Household/Community Characteristics)**

**Health Care System**
- regulation
- inputs/costs
- organisation
- financing
- delivery
- health service access
- health service quality
- health service price
It should be noted that the linkages in Figure 2 are bi-directional. As well as the linkages from globalisation to health, there are also potentially important linkages from health to globalisation through the same channels. While the impact of health on the globalisation process itself is limited, the effects on household and national economies are likely to be much stronger, creating the potential for vicious or virtuous circles between the economy and health.

**Uses of the Conceptual Framework**

The conceptual framework provides a basis for the development and promotion of pro-health policies in national economic policy making and international negotiations. By providing a framework for decision-makers, negotiators, policy analysts and advocates to trace through the potential effects of a particular policy proposal for health, it will encourage decision-making which takes explicit account of the implications for health.

To be fully effective in this respect, however, the framework needs to be supplemented with empirical evidence on the various linkages involved. A first step would be to use the framework as the basis for a synthesis of existing evidence on the relationships between economic, social and health variables. While there is little empirical analysis extending from the global level to the individual, there is considerable evidence on at least some of the links in the causal chains connecting globalisation to health.

Nonetheless, major gaps exist in our knowledge of the relative strength and the nature of these linkages in different economic and geographical contexts; and these need to be filled by further research. The framework provides both a means of identifying these gaps and of prioritising and structuring the research required to fill them. It also provides a basis for comprehensive case studies of the impact of globalisation on health in particular countries, or of its effects on particular health problems (e.g., HIV/AIDS, anti-microbial resistance) or determinants of health (e.g., access to quality health care, nutrition and diet). While the relevance, nature and strength of different dimensions of globalisation and different aspects of its impact will vary considerably among countries and dimensions of health, the framework provides a useful checklist of potential effects.

The policy objectives implied by the framework, and the immediate agenda for policy research which it suggests, are outlined in the next Section.
An Agenda for Action

There are several prerequisites if globalisation is to become a positive influence on the health of poor populations, broadly corresponding with the links in the analytical framework. First, it is essential that the economic benefits of globalisation extend to all countries, and especially to low-income countries (the link from globalisation to the national economy). This means ensuring that changes in international rules and institutional arrangements fully reflect the needs of developing countries. It also requires the removal of major obstacles to development in the international economy. These include the remaining debt problems of low-income countries, the chronic weakness and instability of commodity markets, restrictions on access to developed country markets, and the role of volatile international financial flows in generating financial crises. A greater volume, better allocation and higher quality of financial and technical assistance are also required to create the national conditions necessary for successful integration into the global economy, notably adequate and reliable infrastructure, human development and effective political and administrative institutions.

Extending the benefits of globalisation geographically also means that countries need to manage the process of integration with the international economy in ways that maximise the economic opportunities and minimise the economic risks and social costs. This means ensuring that the extent, timing, pace, sequencing and design of policies directed towards opening the economy are appropriate to each country’s particular circumstances; that the preconditions for positive economic and social effects of such policies are in place before they are undertaken; that social principles and objectives are fully and effectively integrated in policies towards international trade and financial flows; that macroeconomic and structural policies which accompany economic opening, or are required as a result of it, are well designed and implemented; and that governments retain the policy space necessary to fulfil these conditions, and receive the technical assistance needed to develop the capacity to do so.

Second, the economic benefits of globalisation need to be translated into health benefits (the links from the national economy to the health care system, health-related sectors and the household economy). This requires that economic growth be skewed towards the poor, through better design of national economic policies and more explicit consideration
of distributional effects in decisions at the global level. It also requires that the resources
generated by a globalisation process more favourable to developing countries are used to
strengthen health systems, to ensure universal access to cost-effective interventions, and
to improve other services essential to health, such as education, water and sanitation,
environmental protection and effective nutritional and safety net programmes. Equally,
where globalisation has adverse economic effects on a country (e.g., through effects on
export and import prices, or by generating financial crises), the impact on health must be
minimised. This means protecting health-related spending from reductions in public
expenditure, limiting the adverse effects of low or negative growth on the incomes of the
poor, and increasing aid and improving policy design to achieve these objectives. More
generally, policy coherence is required to ensure that policies in non-health sectors
contribute to health objectives and vice versa.

Third, potentially adverse effects of globalisation on population-level health influences
(e.g., on tobacco marketing and cross-border transmission of infectious disease) must be
minimised. This requires action at the international level, e.g., an effective Framework
Convention on Tobacco Control (Taylor and Bettcher, 2000), and efforts to ensure that
governments retain the ability within international agreements to take measures necessary
to protect public health.

Fourth, the design and implementation of international rules need to take full account of
potential effects on the health care system and health-related sectors. This implies the
need for a full health impact assessment of international agreements and measures which
may have significant effects on health-related sectors, whether directly (e.g., through
constraints or influences on sectoral policies) or indirectly (e.g., through the availability
of resources and input costs), before they are implemented.

As well as each of the individual linkages, the interaction between different linkages is
also important. There are a number of trade-offs inherent in the globalisation process
which need to be resolved, taking full account of their health dimensions. Examples
include the trade-off between food safety regulations in developed countries and the
export prospects of low-income countries (Otsuki et al, 2000); and the conflict in the
international regulation of intellectual property rights between the incentives for the
development of health technologies, the need to prioritise research in line with health
needs rather than ability to pay, and the affordability of medical technologies to low-income populations and developing countries. These trade-offs require the development of effective international mechanisms to resolve such problems systematically in the interest of health.

It is important to monitor the effects of globalisation and health, and to ensure that the results of this monitoring are fed effectively into decision-making processes at the national and international levels. This requires a considerable strengthening of our understanding of the linkages between globalisation and health outcomes. To this end, WHO should continue to function as an independent provider of knowledge and evidence to help policy makers make informed judgements. In monitoring, as in analysis, it is important to take account of illicit cross-border flows as well as those which take place through formal channels. This includes, for example, the direct health effects of trade in illegal drugs and small arms, trafficking in women and children and illegal migration; and the effects on the national economy of capital flight and smuggling.

Ultimately, making globalisation work for health requires a fundamental change in current approaches to economic issues at both the national and the international levels. At the national level, policies need to be designed explicitly to maximise the well-being of the population, rather than assuming that this will automatically be achieved by policies oriented towards economic growth, supplemented by add-ons such as safety nets and the protection of health and education spending. At the international level, global rules, the activities of inter-governmental organisations and the external policies of the major developed country government, need to be directed towards removing constraints to and maximising the incentives for developing country governments to pursue these policies.

The provision of global public goods (GPGs) may also contribute significantly to making the health effects of globalisation more favourable (Kaul et al, 1999). However, to make a positive contribution, it is necessary to ensure that the GPGs provided accord with the priorities of poor populations and developing countries, and that the resources used to finance their provision come primarily from developed countries, and are not diverted from other uses which contribute positively to social development, e.g., well-directed and well-designed aid programmes (Woodward, 2000).
A transformation to a genuinely health-centred process of globalisation can be achieved only by ensuring that the interests of developing countries and vulnerable populations are fully represented in international decision-making fora. This requires international institutional reform, including changes in voting structures and negotiation processes, an increased role for civil society organisations, and definition of the appropriate role of private companies. Financial and technical assistance to developing country governments is also required, to enable them to participate effectively in international negotiations on global issues.

As well as this long-term objective, the ongoing process of globalisation must be managed in such a way as to limit negative effects on health and increase opportunities for its improvement. This requires the development and implementation of a research agenda oriented towards current problems at the country level and forthcoming international decisions, to allow informed decisions to be made. Such an agenda, structured in terms of the five key linkages highlighted above, is set out in the Table.

Table: Globalisation and Health: Priorities for Research

<table>
<thead>
<tr>
<th>Linkage(s) through</th>
<th>Area(s) of Research</th>
<th>Reason for Prioritisation</th>
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<tbody>
<tr>
<td>health sector (direct)</td>
<td>effects of GATS Agreement and implications of possible modifications</td>
<td>country decisions pending on GATS 2000 negotiations</td>
</tr>
<tr>
<td></td>
<td>trade in health services</td>
<td>developing country interest in promoting trade in health services</td>
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<tr>
<td>world markets/health sector</td>
<td>effects of TRIPs Agreement on pharmaceutical prices</td>
<td>country decisions pending on implementation</td>
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<tr>
<td></td>
<td>migration of health professionals</td>
<td>persistent problem for low-income countries; selective immigration and recruitment policies in developed countries</td>
</tr>
<tr>
<td>population health influences/individual health risks</td>
<td>marketing of unhealthy products and lifestyles</td>
<td>rapidly increasing cross-border marketing activities with health effects</td>
</tr>
<tr>
<td></td>
<td>implications of competition and consolidation among companies in health-related sectors</td>
<td>major consolidation in key sectors, with implications for marketing strategies and pricing</td>
</tr>
<tr>
<td>National Economy/Health Sector</td>
<td>Effects of Globalisation on Fiscal Constraints and Input Costs, E.g., Through Exchange Rate Effects</td>
<td>Serious Fiscal Constraints in Low-Income Countries; Risk of Further Financial Crises in Middle-Income Countries</td>
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