

# Globalization and health: results and options

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**Abstract** The last two decades have witnessed the emergence and consolidation of an economic paradigm which emphasizes domestic deregulation and the removal of barriers to international trade and finance. If properly managed, such an approach can lead to perceptible gains in health status. Where markets are non-exclusionary, regulatory institutions strong and safety nets in place, globalization enhances the performance of countries with a good human and physical infrastructure but narrow domestic markets. Health gains in China, Costa Rica, the East Asian “tiger economies” and Viet Nam can be attributed in part to their growing access to global markets, savings and technology. However, for most of the remaining countries, many of them in Africa, Latin America and Eastern Europe, globalization has not lived up to its promises due to a combination of poor domestic conditions, an unequal distribution of foreign investments and the imposition of new conditions further limiting the access of their exports to the OECD markets. In these developing countries, the last twenty years have brought about a slow, unstable and unequal pattern of growth and stagnation in health indicators. Autarky is not the answer to this situation, but neither is premature, unconditional and unselective globalization. Further unilateral liberalization is unlikely to help them to improve their economic performance and health conditions. For them, a gradual and selective integration into the world economy linked to the removal of asymmetries in global markets and to the creation of democratic institutions of global governance is preferable to instant globalization.

**Keywords** Commerce; International cooperation; Health status; Income; Economic development; Socioeconomic factors; Developed countries; Developing countries (*source: MeSH*).

**Mots clés** Commerce; Coopération internationale; Etat sanitaire; Revenu; Développement économique; Facteur socio-économique; Pays développé; Pays en développement (*source: INSERM*).

**Palabras clave** Comercio; Cooperación internacional; Estado de salud; Renta; Desarrollo económico; Factores socioeconómicos; Países desarrollados; Países en desarrollo (*fuentes: BIREME*).

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## Introduction

In this paper globalization is taken to be the process whereby national and international policy-makers promote domestic deregulation and external liberalization. Broadly speaking, the shift towards such a policy paradigm began in the 1980s with the adoption of domestic deregulation, trade liberalization, and privatization, the last often taking the form of cross-border acquisitions by multinational firms. The process intensified in the 1990s with the removal of barriers to international trade, foreign direct investments, and short-term financial flows.

Globalization has a complex influence on health. Its effects are mediated by income growth and distribution, economic instability, the availability of health and other social services, stress and other factors, a review of which has recently appeared (1). Health status is also affected by the initial conditions of each reforming country, i.e. the size and international specialization of its economy, the

availability and distribution of assets, its human capital and infrastructure, and the quality of its domestic policies.

If properly managed, globalization can lead to important health gains. Global market forces work efficiently in settings where domestic markets are competitive and non-exclusionary, regulatory institutions are strong, asset concentration is moderate, access to public health services is widespread, social safety nets are in place, and rules of access to global markets are non-exclusionary. Under these conditions, globalization reduces opportunistic behaviour, rewards effort and entrepreneurship, captures economies of scale in production, increases employment opportunities, and improves welfare by raising earnings, and reducing the prices of consumer goods. An expanding, symmetrical, and non-discriminatory global market can help to incorporate into the world economy those developing nations that have good human and physical infrastructures but narrow domestic markets. Such a global market can also facilitate the spread of North-to-South transfer of investment, health and other technologies, and knowledge.

In countries that have met most of the domestic conditions for opening up and have had access to international markets at fairly unconstrained

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conditions, a judicious mix of unorthodox domestic policies and managed globalization has contributed to rapid growth, a rise in living standards, and gains in health status. In this connection, the experiences of China, Costa Rica, the countries of the East Asian "tiger economies", India, Viet Nam, and a few other countries should be distilled and the related lessons learned. However, the domestic and international conditions for successful globalization have been met in relatively few countries. In several countries, growth has been hindered and improvements in health have been slowed down by premature, unselective, and poorly sequenced globalization.

## Globalization and income distribution

Most proponents of liberalization and globalization claim that the distributive impact of these reforms is, on the whole, neutral (e.g. Dollar (2)) and that income inequality<sup>a</sup> within countries has remained broadly stable over the last few decades (3). They also argue that an increase in the export of labour-intensive manufactures reduces earning inequality and overall income inequality (4).

These views, however, have been challenged by recent studies. An analysis of domestic trends in income distribution between the 1950s and the 1990s (5) showed that income inequality rose over the last two of these decades in 48 of the 73 countries analysed (Table 1). Only in nine countries was there evidence of a decline in income concentration over the long term: these included mainly small countries (Honduras, Jamaica, Norway, Tunisia) and medium-sized countries (France, Malaysia, Philippines). Income concentration remained constant in 16 countries, including Bangladesh and India.<sup>b</sup> Weighting the results by population size and GDP-PPP (i.e. GDP computed taking into account the differences in purchasing power parities of the different currencies) strengthens these conclusions. The rise in inequality was universal in the countries of the former Soviet Union, almost universal in Latin America, common in member countries of the Organisation for Economic Co-operation and Development (OECD), and frequent in South Asia, South-East Asia and East Asia.

A study by Cornia & Kiiski (5) and the studies mentioned below suggest that the relationship between globalization reforms<sup>c</sup> and within-country

inequality is complex and may lead to different conclusions, depending on the specific reform and region analysed.<sup>d</sup> However, they stress that there appears to be an overall association between rising within-country inequality and the policy changes of the last 20 years. Behrman et al. (6) assessed the impact of the overall globalization policy package on wage differentials in 18 Latin American countries between 1980 and 1998 and found that it had a significant disequalizing effect, although this tended to decline over time. Furthermore, a review of the effects of liberalization and globalization during 21 reform episodes in 18 developing and transitional countries over the last two decades indicated that inequality rose in 13 cases, remained broadly constant in 6 and improved in 2 (7).

All these studies show that each policy instrument of globalization has a distinct effect on within-country inequality and include detailed analyses of the mechanisms whereby this happens. For instance, the study by Behrman et al. (6) showed that the strongest disequalizing policy component was international financial liberalization, and that this was followed by domestic financial liberalization and tax reform. Trade liberalization, in contrast, had no impact on inequality. The same studies found that the privatization of housing and land had an equalizing effect in Armenia, China, and Mongolia, while that of industrial assets was mostly disequalizing, especially in the former Soviet Union. Liberalization of the labour market and globalization-induced outsourcing were found to weaken collective bargaining, minimum wages and safety at work.

How did these increases in within-country income inequality affect growth and poverty? By definition, greater income polarization reduces the pace at which poverty is alleviated by income growth. For example, a growth pattern that increasingly concentrates economic activity in the comparatively small urban sector is disequalizing and cannot reduce mass rural poverty. In extreme cases, sharp rises in income inequality can lead to a surge in poverty rates,<sup>e</sup> notwithstanding a growth in average per capita income (8).

Where the increase in income inequality was sizeable, growth itself was often reduced, thus depressing further the prospects for poverty reduction.<sup>f</sup> Large inequality increases or the persistence of high-income inequality reduces growth. Recent research suggests that the relationship between

<sup>a</sup> The term "income inequality" is used interchangeably with "income concentration" and "income polarization". The most common measure of income inequality is the Gini coefficient, which ranges between 0 (when all persons in a country have the same income) and 1 (when only one person in a country receives all the national income).

<sup>b</sup> Since 1992, however, income inequality in India has been growing steadily in both urban and rural areas.

<sup>c</sup> For each country the extent of globalization is measured by means of an overall reform index ranging between 1 (no reform) and 5 (complete reform) for each of the main policy tools of globalization (privatization, trade liberalization, domestic financial deregulation, international financial deregulation, tax and transfer reform, and labour market reform). The aggregate reform index is obtained by averaging the values of the indices for the individual components.

<sup>d</sup> Econometric estimates show that the disequalizing effect of globalization reforms has been far more pronounced on average in the economies in transition (which started this process with very low levels of income inequality) than in other developed or developing regions (4).

<sup>e</sup> The poverty rate is the proportion of people with an income lower than a given poverty line. The poverty line used by the World Bank is US\$ 1 or 2 PPP per day.

<sup>f</sup> The main theories on the relationship between inequality and growth argue that a high initial inequality is bad for growth as it leads to inefficient redistribution and slow human capital formation.

Table 1. Trends in Gini coefficients for income distribution in 73 countries, 1950s to 1990s<sup>a, b, c</sup>

	No. of sample countries in each group	Share of population of sample countries (%)	Share of world population (%)	Share of GDP-PPP of sample countries (%)	Share of world GDP-PPP (%)
<b>Rising inequality</b>	<b>48</b>	<b>59</b>	<b>47</b>	<b>78</b>	<b>71</b>
Continuously rising	17	4	3	5	5
U-shaped	29	55	44	73	66
Rising or stable	2	0	0	0	0
<b>Falling inequality</b>	<b>9</b>	<b>5</b>	<b>4</b>	<b>9</b>	<b>8</b>
Continuously falling	6	3	3	7	7
Inverted U-shape	3	2	1	2	1
<b>No trend</b>	<b>16</b>	<b>36</b>	<b>29</b>	<b>13</b>	<b>12</b>
<b>Not included in sample</b>	<b>–</b>	<b>–</b>	<b>20</b>	<b>–</b>	<b>9</b>
<b>Total</b>	<b>73</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

<sup>a</sup> Source: ref. 5 on the basis of the World Institute for Development Economics Research (WIDER) income inequality database, which includes the 2622 observations of the Deininger–Squire database and 1131 observations collected by WIDER.

<sup>b</sup> Results obtained on the basis of 770 reliable observations for 73 countries.

<sup>c</sup> The data refer to per capita household disposable income in 52 cases, per capita consumption expenditure in 9 and gross earnings in 14. The trends in the Gini coefficients were interpolated through linear and quadratic functions. The best results were chosen on the basis of the best *t* test and corrected *R*<sup>2</sup> statistics. The results are robust, as the trends do not vary according to the income concept or the region considered (see text for details).

inequality and growth is concave, i.e. that very low and, especially, very high inequality depress growth (9, 10). Very low inequality, as in the socialist economies in the 1980s, depresses growth because an excessively compressed wage distribution does not adequately reward different capabilities and efforts, erodes incentives, and increases shirking. Similarly, when the gap between the rich and the poor widens substantially, the *work incentives* of the poor wane. High levels of income inequality also create political instability and erode *social cohesion*. Social tensions affect domestic savings, erode the security of property rights, augment the threat of expropriation, drive away domestic and foreign investment, and increase the cost of business security and contract enforcement. In other words, excessively high inequality can compress growth substantially. This means that, in their attempts to reduce poverty and improve health status, governments should monitor the distribution of income because high inequality reduces the pace of growth and of the reduction of poverty.

### Globalization and growth volatility

Financial globalization, a key element of the new policy paradigm, facilitates the North-to-South transfer of savings but also increases the frequency of recessions caused by banking, financial and currency crises, the severity of their social impact

(Table 2) and the volatility of growth. In Latin America gross domestic product (GDP) volatility rose sharply in the 1980s and declined moderately in the 1990s. In the 1990s, growth volatility rose in East Asia and in the economies in transition of Europe (13).

The problem of GDP volatility is especially pronounced in developing countries, with standard deviations of annual GDP growth of around 5%, as opposed to 2.8% in typical industrial countries (14). While many factors (e.g. humanitarian conflicts, natural disasters) have contributed to growing volatility of GDPs, the biggest factor has been an epidemic of banking, financial, and currency crises following the financial deregulation of the late 1980s and the liberalization of international capital flows in the 1990s. In the absence of adequate information, prudential regulation and regulatory capacity by national and international monetary authorities and other institutional and macroeconomic arrangements, abrupt deregulation can cause severe banking and financial problems as well as abnormal fluctuations in real exchange rates and exports.

Financial crises reduce growth not only immediately but also in the medium term. Stiglitz showed that countries affected by banking crises over the period 1975–94 grew 1.3% less rapidly on average over the subsequent five years than countries unaffected by such crises (15). The impact on poverty and health has also been marked. According to the World Bank (16), after the financial crises in Argentina (1987–90), Mexico (1994–96) and the Russian Federation (1996–98), the poverty rates stabilized at 8.5%, 7.0%, and 10.1% higher, respectively, than before these crises. In the case of Argentina, the poverty rate rose from 25.2% before the crisis to 33.7% after it. In the Russian Federation the standardized death rate rose by almost 20% in the wake of the financial crisis of August 1998.

### Globalization and political instability

In a world economy devoid of global insurance mechanisms, sudden external shocks may lead to a rise in domestic conflict and a decline in growth. The most worrying indication of the rise in such conflict has been the increasing frequency of humanitarian emergencies (17). The number of such crises rose steadily between 1980 and 1995, but subsequently has been declining. When social divisions are profound and the institutions of conflict management are weak, the economic costs of external shocks (attributable, for example, to trade losses or financial contagion) are magnified by the distributional conflicts triggered in their wake. These, in turn, diminish the productivity with which existing resources are used, raise uncertainty, divert resources to unproductive uses, and destroy assets.

Even in the absence of shocks, globalization may lead to political instability and loss of growth and health if it raises horizontal inequality, i.e. inequality

between social groups. In undemocratic societies with latent ethnic, class, religious or regional tensions, privatization may lead to the concentration of wealth in the hands of certain factions or special interest groups, such as the former managers of state-owned enterprises in the Russian Federation. The consequence may be an increase in social instability. Similarly, the concentration of public subsidies can alter the intergroup distribution of income, assets and power, and can fuel ethnic tensions, reduce growth and affect health. In countries characterized by an ethnic division of labour and wealth concentration, globalization may allow for comparatively easy integration into the world economy of the more affluent groups, thus altering a precarious political equilibrium.

## Globalization and social services

The elimination of import tariffs and export taxes reduces revenue. Furthermore, in a world of mobile capital and immobile labour, developing countries that wish to attract foreign capital may engage in downward bidding. This leads to a reduction in the rates and progressivity of income tax, the concession of tax holidays, and the granting of various industrial subsidies. In addition, globalization leads to the informalization of the economy through outsourcing and subcontracting by large corporations. Nike, for example, relies on a cascading chain of over 10 000 microsubcontractors. This renders revenue collection more difficult. Employment in micro-enterprises, especially in the informal sector, has increased at high rates in developing countries over the last 20 years. The proportion of this type of employment in the nine largest Latin American countries reached in the early-mid 1990s 58%, and the corresponding values for sub-Saharan Africa, North Africa and Asia were 74%, 43%, and 62%, respectively (18).

There is little evidence that tax competition leads to an increase in capital inflows. However, there may be more evidence that it affects revenue levels and the ensuing ability of the state to provide a modicum of health services and social security. Evidence on this matter from specific countries is, however, scarce. The world development indicators of the World Bank revealed that public spending on health in low-income countries remained constant (1.12% of GDP in 1990 and 1.13% in 1996), while that on education dropped from 3.43% to 3.25% over the same period. In contrast, the situation in middle-income countries showed a clear improvement for education and a modest one for health. The picture varies substantially between regions. In the liberalizing economies in transition, of which the Russian Federation is a good example, public health expenditure has fallen both as a share of a rapidly shrinking GDP and in per capita terms. There are other examples of drops in public health expenditure (e.g. China) but there are as many others in which it

Table 2. Losses due to recent banking crises<sup>a</sup>

Country and period	Loss as % of GDP
Argentina (1980–82)	55.3
Bulgaria (1990s)	14.0
Chile (1981–83)	41.2
Côte d'Ivoire (1988–91)	25.0
Finland (1993–96)	8.0
Indonesia (1997–98)	34.3
Malaysia (1997–98)	19.5
Mexico (1995)	13.5
Republic of Korea (1997–98)	24.5
Senegal (1988–91)	17.0
Spain (1977–85)	16.8
Sweden (1991)	6.4
Thailand (1997–98)	34.5
USA (1984–91)	3.2

<sup>a</sup> Sources: ref. 11, 12.

has been sustained, for instance in some countries of Latin America.

Globalization may also affect health status through the impact of international trade agreements such as TRIPS (trade-related aspects of intellectual property rights). TRIPS is part of the 1994 World Trade Agreement, which, on the face of it, makes access to essential life-saving drugs impossible for low-income countries, regardless of their level of public health expenditure. Indeed, trade expansion is dominated by international rules that provide protection for 20 years to new discoveries. This restricts the possibility of producing or importing essential drugs. In addition, even in the cases in which TRIPS allows parallel imports of cheap generic drugs, trade pressures by the large countries where the major pharmaceutical companies are based limits access to affordable drug imports (19). The case of HIV/AIDS drugs is an example of distortions in the international norms being partly responsible for delaying the fight against this lethal disease in many poor countries. Conscious of the risks involved in new trade agreements such as TRIPS, the World Health Assembly in May 1999 mandated WHO to monitor the health consequences of international trade agreements.

Globalization may affect child health in an indirect, generally ignored, manner, i.e. through an increase in women's participation in the labour force. In East and South-East Asia, up to 80% of the workforce in export-processing zones is female (20). In Bangladesh the number of garment factories increased from 4 in 1978 to 2400 in 1995, when they employed 1.2 million workers, 90% of whom were women below 25 years of age (21). If freely chosen, greater female participation in market production can generate strong positive effects on family incomes and the bargaining position of women in the family, and, through them, of their children. If, however, growth in economic activity by women is not accompanied by the development of adequate child care institutions there may be an increase in injury and malnutrition among children despite a rise in family incomes.

## Globalization and growth

The last 15 years have been characterized by developments that ought to have freed substantial resources for investment and improved the efficiency of use of those already in place. Among these developments are the peace dividend arising from the end of the Cold War, the market dividend arising from the introduction of market reforms in the former socialist economies, the political dividend linked to the spread of democracy, and the e-technology dividend. Furthermore, with the exception of Africa, most developing countries experienced a growth in the labour force that was faster than that of the population. Other things being equal, one should thus have expected faster growth than in previous decades. In some measures, a shortfall from this higher potential can be attributed to the less than satisfactory impact of the policy reforms of the last 20 years.

Despite the above-mentioned dividends, there is no evidence that globalization has improved overall growth. Indeed, the contrary is true (Table 3). This should induce the proponents of globalization to think twice about their policy prescriptions. The rate of gross national product (GNP) growth per capita in the world economy slowed from 2.6% during the period 1960–79 to 1.0% between 1980 and 1998. During the 1990s, moreover, the rate of growth of the world economy decelerated in relation to that of the 1980s. For example, in 1997 and 1998 the world rate of growth declined by 1.0% because of the impact of the East Asian crisis. While this long-term slowdown was partly attributable to the deceleration of growth in the high-income countries, a slowdown was evident in all developing regions, most of which had liberalized and globalized their economies. China and, to a lesser extent, India are the only two large economies growing faster in the era of liberalization

and globalization. In China and, to a lesser extent, in India the reforms followed distinctly national patterns, considerably different and more gradual than the standard prescription. The East Asian “tiger economies”, the early unorthodox globalizers, benefited from globalization during the 1980s as well as during the 1960s and 1970s, but suffered a perceptible slowing of growth in the 1990s, a decade of mounting financial instability.

What explains this widespread slowdown? It was suggested above that the economies affected by greater GDP volatility witnessed a reduction in growth over the short and medium terms, and that economies in which there was marked inequality saw their growth affected by an erosion of work incentives and by social conflict. In addition, the international reforms of the last 20 years have not created an efficient, stable, and non-exclusionary marketplace able to incorporate poor and weak countries, and characterized by equitable rules and symmetrical incentives for all countries. Indeed, during the 1990s a large number of legal, economic, health, administrative, and even political clauses were introduced that conditioned access of developing countries to the markets of industrialized countries. Without adequate correctives this kind of global market strengthens already advanced nations and concentrates opportunities for trade, foreign investment, technology transfers and innovation in the hands of a few countries.

## Health impact

With slow growth and frequent rises in inequality, health improvements during the era of deregulation and globalization decelerated perceptibly, especially during the 1990s. In many parts of Africa and

Table 3. Annual growth rate in GNP per capita, 1960–98 (and subperiods)<sup>a</sup>

	Annual growth rate in GNP per capita (%) in						
	1960–98	1960–79	1980–98	1960–69	1970–79	1980–89	1990–98
World	1.8	2.6	1.0	3.4	1.8	1.2	0.8
High-income countries	2.7	3.4	1.9	4.3	2.5	2.2	1.4
East Asia and Pacific excluding China	4.4	4.5	4.2	4.2	4.9	5.1	3.2
China	5.4	2.8	8.4	1.3	4.4	7.7	9.2
Eastern Europe and Central Asia	2.5 <sup>b</sup>	4.2 <sup>b</sup>	-0.8 <sup>b</sup>	5.0	2.3	2.1	-3.3
Latin America and Caribbean	1.7	3.0	0.2	2.7	3.3	-1.1	1.9
Eastern Mediterranean and North Africa	–	–	0.1	–	–	-0.4	0.7
South Asia except India	2.1	1.5	2.8	2.3	0.6	3.0	2.5
India	–	–	3.6	–	0.8	3.4	3.8
Sub-Saharan Africa	0.4	1.5	-0.8	2.6	0.6	-1.1	-0.5

<sup>a</sup> Source: author's calculation on GNP per capita (constant 1995 US\$) on World Development Indicators 2000 CD-ROM, The World Bank, Washington, DC.

<sup>b</sup> The data in the first three columns respectively refer to 1950–98, 1950–82, 1982–98.

countries of the former Soviet Union there was total stagnation or a sharp regression. The infant mortality rate, a key indicator of overall health in developing countries, fell more slowly over the period 1960–98 than in previous decades (Table 4), despite the massive increase in the coverage of low-cost, life-saving public health programmes (vaccination coverage rose from an average of 25% to 70% between 1980 and the end of the 1990s) and the spread of knowledge about health, nutrition, and hygiene among parents. More detailed national data often portray a worse health picture than that indicated in Table 4, which is mainly based on estimates of some time ago by the United Nations Population Division. UNICEF data for the European economies in transition show, for example, that in 15 countries the infant mortality rate was higher in 1994 than in 1990. In sub-Saharan Africa as a whole the 1999 mortality rate for children aged under 5 years was higher than in 1990.

In countries affected by large external shocks, sudden and large declines in household income have contributed to subtler but equally pernicious health outcomes. World Bank studies of the impact of the Mexican and Thai financial crises show that, even after the economies of these two countries recovered, health status was still affected. During the transitory but acute recessions, children were taken away from their schools, entered hazardous jobs or prostitution rings, or sustained permanent brain damage if they suffered from acute malnutrition.

Especially in middle-income economies, acute and sudden economic crises, the ensuing sharp rise in unexpected unemployment, and job insecurity and income inequality have been major sources of depression and other mental disorders, alcoholism, domestic violence and stress-related deaths attributable to cardiovascular and violent causes and suicides (22). Large increases in inequality erode social cohesion, the control of deviant health behaviour and criminal activity, and mutual help among community members (23). In turn, sudden and lasting increases in unemployment generate a loss of skills, cognitive abilities and motivation, and can be a source of acute stress by causing loss of self-respect, feelings of being unwanted, dependent and without a social role, and anxiety about the future (24).

These effects have been observed on a massive scale in the countries of the former Soviet Union (Table 5), where a policy-induced sharp rise in unemployment and income inequality have reduced the ability of the state to tax the new élites and to provide law and order and a modicum of health care. A considerable psychological burden was placed on people disadvantaged by the transition, who constituted an underclass of mostly urban-based, middle-aged male workers, collective farmers and party cadres with limited education and skills, often unemployed, from broken families and migrant or ethnic minority backgrounds. The material deprivation of these people was exacerbated by the rage,

Table 4. Trends in average regional annual decline in infant mortality rate, 1960–98<sup>a, b</sup>

	1960–70	1970–80	1980–90	1990–98	1960–80	1980–98
World	-2.6	-2.0	-2.7	-1.3	-2.3	-2.1
High-income countries	-3.9	-5.3	-3.8	-4.0	-4.6	-3.9
Low- and middle-income countries	-2.8	-2.1	-2.8	-1.3	-2.4	-2.1
Eastern Europe and Central Asia	–	–	-3.9	-3.1	–	-3.5
East Asia and Pacific	-4.8	-3.4	-3.2	-1.5	-4.1	-2.4
Latin America and Caribbean	-2.2	-3.2	-3.8	-3.5	-2.7	-3.7
Eastern Mediterranean and North Africa	-2.1	-3.4	-4.5	-3.4	-2.7	-4.0
South Asia	-1.6	-1.5	-3.1	-1.8	-1.5	-2.5
Sub-Saharan Africa	-1.8	-1.7	-1.3	-1.2	-1.8	-1.2

<sup>a</sup> Source: author's calculation based on aggregate data from World Development Indicators CD ROM 2000, The World Bank, Washington, DC.

<sup>b</sup> Rates are compounded and weighted by population size.

humiliation, and hopelessness triggered by growing social segmentation and the perception that the new élites benefiting from liberalization had reached their positions through corruption and ascription.

The health impact of these events was unprecedented (Table 5). The fastest drop in life expectancy was observed in Belarus, the Russian Federation, and Ukraine. It is estimated that the excess mortality was 4 million in these three countries between 1990 and 2000 (25). This can be compared with the 9 million excess deaths recorded during the Kulak famine of 1929–33 in the Soviet Union. By contrast, in Central Europe during the period 1990–2000 the overall number of deaths declined by approximately 300 000.

## Conclusions

Benefit has been derived from an expansion of global markets, international savings and technology transfers in a limited number of countries (mostly in Asia, particularly China) because of favourable domestic conditions in terms of human development and physical infrastructure, prudent macroeconomic policies, and selective, home-grown external policies. For example, China (Province of Taiwan) and the Republic of Korea, which achieved remarkable improvements in health status, integrated into the world economy through a mixture of outward orientation and unorthodox policies such as high levels of tariff and non-tariff barriers, public ownership of large segments of banking, patent and copyright infringements, and restrictions on foreign capital flows. The new wave of successful reformers, such as in China and Viet Nam, also improved living standards and health conditions by following a highly unorthodox two-track economic strategy, violating practically every prescription of the orthodox model. India, which has significantly raised its growth rate

Table 5. **Changes in life expectancy in selected transitional economies, 1989–99<sup>a</sup>**

	Male life expectancy at birth		Female life expectancy at birth	
	Maximum loss since 1989	Change 1989–99	Maximum loss or gain since 1989	Change 1989–99
Czech Republic	– <sup>b</sup>	+3.3	– <sup>c</sup>	+2.7
Poland	– <sup>b</sup>	+2.1	– <sup>c</sup>	+2.0
Hungary	– <sup>b</sup>	+0.9	– <sup>c</sup>	+1.3
German Democratic Republic	– <sup>b</sup>	+0.7 <sup>d</sup>	– <sup>c</sup>	+2.0 <sup>d</sup>
Belarus	–4.6 (1999)	–4.6	–2.6 (1999)	–2.5
Russian Federation	–6.6 (1994)	–4.3	–3.3 (1994)	–2.1
Ukraine	–5.0 (1996)	–3.0	–2.3 (1995)	–1.3
Kazakhstan	–5.5 (1995)	–3.6	–3.6 (1995)	–2.1

<sup>a</sup> Source: ref. 25.

<sup>b</sup> The maximum loss was that realized over the first two reform years.

<sup>c</sup> Country has recorded steady improvement throughout the transition.

<sup>d</sup> For the period 1991–92.

and life expectancy since the 1980s, remains one of the most protected economies.

For most of the remaining countries, many of them in Africa and Latin America, globalization has not yet lived up to its promises, because of a combination of weak domestic structures and the persistence or even an expansion of global asymmetries for market access, such as protectionism in OECD countries, global financial crises, an unequal distribution of foreign direct investments and an endless list of new conditions on governance, patents legislation, veterinary norms, social clauses, etc. In these countries the last two decades have been characterized by a slower, unstable and increasingly unequal pattern of growth, and by a slowdown or

stagnation in health gains despite the widespread expansion of highly efficient public health schemes, e.g. vaccination programmes.

What should developing countries do in the future? A return to autarky is certainly not the answer, but neither is unconditional and immediate globalization. The countries that have been excluded from the benefits of the global market undoubtedly have a genuine interest in strengthening their human resource bases, infrastructures and macroeconomic balance. These measures, per se, can be expected to generate high health returns and to accelerate domestic growth. It is equally clear that, for many countries, some components of globalization, such as trade liberalization and technology transfer, could, in principle, increase efficiency, welfare and health. Yet it is doubtful whether, under the present increasingly restrictive rules of access to the international market, further liberalization and globalization would help these countries to improve their market position, economic efficiency and health status. Premature, rapid and unconditional globalization in these countries could be expected to immediately generate considerable costs in efficiency and social affairs that would worsen growth performance and health outcomes and erode the necessary political support for opening up to the world economy. Particularly for these countries, a gradual and selective integration into the world economy, linked to the removal of the major asymmetries of global markets and to the creation of new democratic institutions of global governance, is highly preferable to instant globalization. ■

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## Résumé

### Mondialisation et santé : résultats et options

Ces vingt dernières années ont vu l'émergence et le renforcement d'un paradigme économique qui met l'accent sur la dérégulation des marchés intérieurs et la suppression des barrières commerciales et financières au niveau mondial. Bien gérée, cette approche peut conduire à des gains perceptibles en termes de santé. Lorsque les marchés ne sont pas exclusifs, que les organes de réglementation sont solides et qu'il existe des dispositifs de sécurité, la mondialisation améliore les performances des pays qui possèdent une bonne infrastructure humaine et matérielle mais dont le marché intérieur est limité. Les bénéfices en termes de santé constatés en Chine, au Costa Rica, dans les « tigres » d'Asie orientale et au Viet Nam peuvent être en partie attribués à l'accès croissant de ces pays aux marchés mondiaux, à l'épargne et à la technologie. Cependant, pour la plupart des autres pays, notamment en Afrique, en Amérique latine et en Europe orientale, la mondialisation n'a pas tenu ses promesses du fait de la

conjonction de facteurs tels qu'une situation intérieure médiocre, une répartition inégale des investissements étrangers et l'imposition de nouvelles conditions qui limitent encore plus l'accès de leurs produits aux marchés de l'OCDE. Au cours de ces vingt dernières années, ces pays en développement ont connu une croissance lente, instable et inéquitable assortie d'une stagnation des indicateurs sanitaires. L'autarcie ne constitue pas une réponse à cette situation, non plus qu'une mondialisation prématurée, aveugle et anarchique. La libéralisation unilatérale, si elle se poursuit, ne les aidera probablement pas à améliorer leurs résultats économiques ni l'état de santé de leur population. Pour ces pays, une intégration progressive et sélective dans l'économie mondiale, liée à une réduction de l'inégalité des marchés mondiaux et à la création d'institutions démocratiques de gouvernance mondiale est préférable à une mondialisation immédiate.

## Resumen

### La globalización y la salud: resultados y opciones

Durante los dos últimos decenios hemos asistido al surgimiento y consolidación de un paradigma económico que hace hincapié en la desregulación nacional y en la eliminación de los obstáculos al comercio y las finanzas internacionales. Si se gestiona debidamente, este sistema puede propiciar mejoras apreciables de la situación sanitaria. En los mercados no excluyentes que cuentan con instituciones reguladoras consolidadas y con mecanismos de protección social, la globalización mejora los resultados de los países que disponen de una infraestructura humana y física adecuadas pero cuyos mercados nacionales son limitados. Las mejoras sanitarias registradas en China, Costa Rica, los tigres de Asia oriental y Viet Nam pueden atribuirse en parte a su mayor acceso a los mercados mundiales, el ahorro y la tecnología. Sin embargo, en lo que respecta a la mayoría de los otros países, muchos de los cuales se encuentran en África, América Latina y Europa oriental, la globalización no ha estado a la altura de las expectativas

debido a que han coincidido el deterioro de la situación nacional, una distribución desigual de las inversiones extranjeras y la imposición de nuevas condiciones que limitan aún más el acceso de sus exportaciones a los mercados de la OCDE. Durante los últimos veinte años los indicadores sanitarios de esos países en desarrollo han evolucionado lentamente, repitiendo un patrón inestable e irregular de crecimiento y estancamiento. La autarquía no es el remedio para semejante situación, como tampoco lo es una globalización prematura, incondicional e indiscriminada. Es poco probable que una mayor liberalización unilateral pueda ayudar a esos países a mejorar sus resultados económicos y su situación sanitaria. Para ellos, una integración gradual y selectiva en la economía mundial, unida a la corrección de la asimetría de los mercados mundiales y a la creación de instituciones democráticas de gobernanza mundial, es preferible a una globalización inmediata.

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