The WHO's sick manifesto for global recession

by Philip Stevens

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The World Health Organization claimed this week that "social injustice is killing people on a grand scale." Its major report on the "Social Determinants of Health" concludes that social and economic inequality is a major global cause of disease and that only massive government intervention and redistribution of wealth can improve the health of the poor. But, as with many prescriptions, the side effects would be worse than the disease.

The WHO report revolves around the idea that relative poverty--as opposed to absolute poverty--is an important determinant of health. This is based on medical research conducted in the 1990s that purported to show that people lower on the socio-economic ladder suffer more stress and therefore more disease than their wealthier counterparts. Furthermore, the poor are more likely to have worse diets, suffer the stress of greater job insecurity and so on.

In response, the WHO recommends a host of policies to iron out inequality. These include squeezing the rich with tax; universal government-owned health and education; greater government control of urban development, businesses and the sale of food and alcohol; stricter employment regulations; beefed up government welfare and an end to global free trade.

The comrades in the old USSR would have loved this manifesto. Those inhabiting the real world, on the other hand, should be far more sceptical.

First, the doom-laden picture of global inequality is not as bad as painted by the authors. Thanks to the economic globalisation much derided by the report, the number of poor people in the world is declining, by 375 million people since 1981, even while the total world population increased by 1.6 billion in the same period. The rate of economic growth in poor countries is now outstripping that of rich countries for the first time in history, while global disparities in health and education are rapidly improving.

Second, the WHO's insistence that economic growth is not necessarily good for overall health is wrong. The evidence, not to mention common-sense, shows that economic growth is a cause of improved health, largely because it allows people to afford better living conditions, sanitation and health technology.

One study shows that if rates of economic growth in less-developed countries had been only 1.5% better in the 1980s, at least 500,000 infant deaths could have been prevented. Without economic growth, there will be no money for the clean water and electricity that is crucial to good health in the poorest parts of the world.

Many of the WHO's recommendations seem to be specifically designed to undermine economic growth and increase unemployment. Take taxation: a plethora of international evidence strongly correlates high levels of taxation with economic decline and unemployment, yet the WHO maintains this is a key to tackling inequality. The only equality high taxation brings is equality of impoverishment, as individuals and businesses pack up shop and leave.

The report also claims that generous unemployment benefits and strict employment regulations will reduce the likelihood of job losses and cushion those unfortunate enough to become unemployed. But where this has been tried, it has caused high levels of structural unemployment. Government regulations that make it difficult to fire employees make it less likely that companies will hire in the first place. This makes it especially difficult for the inexperienced young to find jobs--as has happened in Germany in France.

Those countries with the lowest unemployment--the USA and Australia--also have the most flexible labour markets combined with welfare systems that incentivise work rather than indolence.

The WHO's rejection of free trade is even more baffling. Free trade has been demonstrated to be the biggest weapon ever against poverty. Since China recommenced international trade in the 1980s, 400m people lifted themselves out of poverty in that country alone.

The real problem is that the poorest countries do not trade nearly enough: as a result of high tariffs and other restrictions, African exports account for just two per cent of global trade and African countries hardly trade with each other at all.

In the end, the whole inequality premise is a chimera. If we were to guillotine every hedge fund prince and captain of industry, relative poverty would decline but absolute poverty would increase: trying to abolish inequality would wreak devastation on the global economy and cost millions of jobs.

The chief author of the report, British Professor Sir Michael Marmot, graduated from university in 1968 and clearly still clings to the socialist spirit of that revolutionary time. But the world has moved on since then and it is unconscionable to ask poor countries to pull down the shutters and say no to economic growth.

ABOUT THE AUTHOR

Philip Stevens is Director of the Campaign for Fighting Diseases, London, an international development think-tank. Recent op-eds include:

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AUTHOR CONTACT

- Philip Stevens, philip@policynetwork.net, +44 20 7836 0752
- Mark Baillie, Editor, mark@policynetwork.net, +44 20 7836 0751