

The Political Economy of Health a brief overview

David Legge
IPHUSavar, Nov 2018

Overview

- What is political economy?
- What does political economy add to public health and the practice of activism?
- Theoretical issues which arise in applying a political economy perspective to public health

What is 'political economy'?

The relations of Money and Power

What is 'the political economy of health'?

How health care and population health are affected by Money and Power *and* how they affect Money and Power

Politics and economics: reciprocal influences

- Politics shapes and constrains economic relations
 - price setting, interest rates, regulation
 - international
- Economics shapes and constrains politics
 - surplus generation
 - distributive impact
 - trade sanctions
 - military capability

Health issues for which a political economy analysis can be useful

- Discrimination against migrants
- Widening inequality, poverty, unemployment and exclusion
- Racism
- Food sovereignty
- Privatisation and austerity
- Access to medicines
- Addressing global economic crisis, unemployment
- Regulating the TNCs for better health (eg food TNCs)
- Building (globalising) social movements for reform
- Preventing, mitigating and adapting to global warming
- Pathways to fair, non-materialist, sustainable, adequate, meaningful societies

Economics shapes, and is shaped by, health situation

- Macroeconomic environment
 - shapes population health
 - inequality, access to food, sanitation
 - shapes health care policy
 - public funding, health financing, price barriers
- Health as a consideration on macroeconomic policy making
 - health system as a sector of the economy
 - as a cost
 - as expenditure
 - population health as an economic resource
 - consumable?
 - productive resources?

Politics shapes, and is shaped by, health and health care

- Inequalities within countries (in health status and in access to decent health care) correspond to inequalities in power and social capital
- Health inequalities across countries also vary with national power (trade sanctions, military)
- % GDP spent on health = the proportion of total economic activity centred on health care

History of 'political economy'

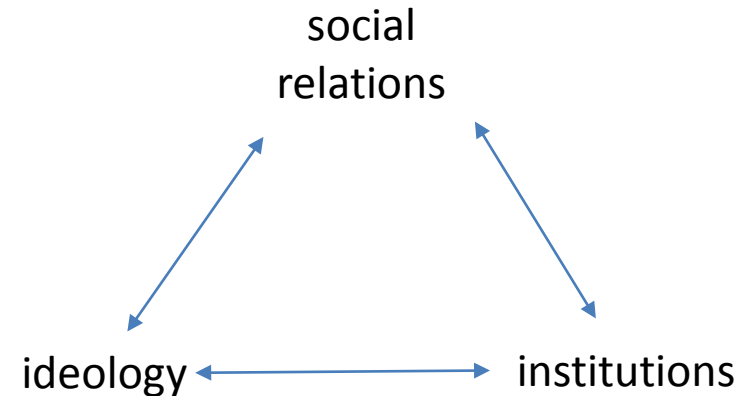
- 1700-1900 Adam Smith, John Stuart Mill, Karl Marx, Thomas Malthus
 - the economics of *the polity* (cf the household)
 - understanding: farming versus factories, trade and finance, profit versus welfare
- ~ 1900 'Economics' and the rise of quantitative analysis and theory
- 20th Century: many schools
 - Marxist political economy
 - international political economy
 - economic approaches to political analysis

What are the differences?

- Different constructions of 'politics'
 - Marxian
 - social relations, ideology, institutions
 - imperialism
 - transnational capitalist class
 - **change**: class struggle and social movements
 - liberal democratic
 - democratic institutions
 - freedom (for capital from government / freedom from democracy)
 - **change**: democratic deliberation
 - neoliberal
 - government failure and market superiority
 - **change**: 'the invisible hand'
- Different constructions of 'economics'
 - neoclassical
 - quantitative
 - reductionist
 - heterodox
 - endogenous money
 - emergence and complexity
 - Marxian
 - class analysis informing economic modelling
 - economics of colonialism and imperialism
 - IPE
 - TNCs and the global value chain

The 'social relations' perspective on power and solidarity

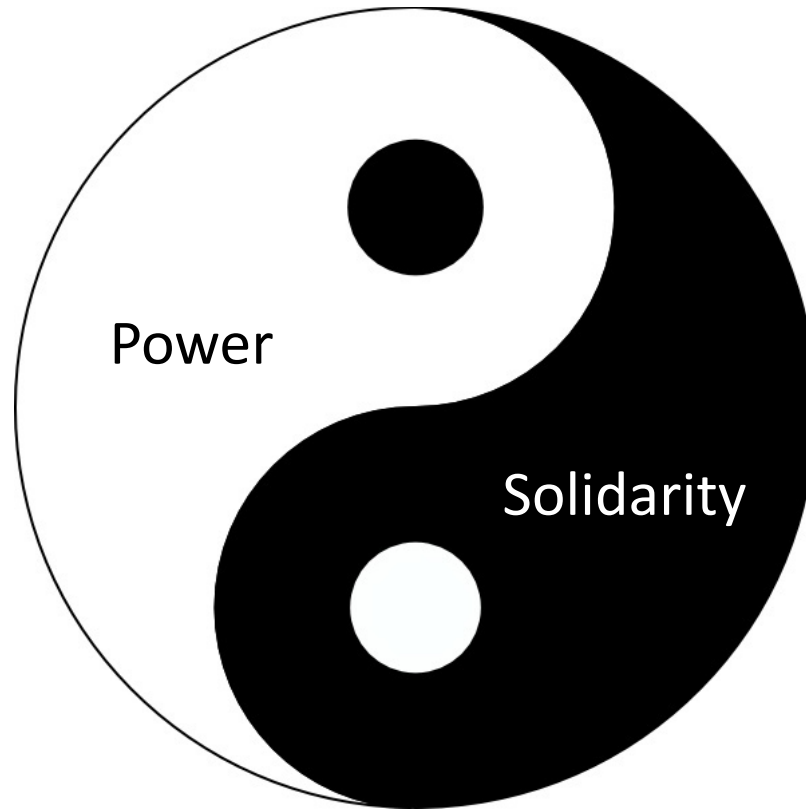
- Social relations
 - struggle and solidarity within and across various collectivities variously identified in terms of class, gender, ethnicity, nationality, religion, etc
- Ideology – the power of ideas
 - cultural currents
 - institutions of ideology
- Institutions
 - policies, laws, budgets, institutions and programs
 - intergovernmental agreements and bodies
 - transnational corporations and 'global value chains'
- Hot topics
 - nation states *versus* TNCs
 - structures of class at global level
 - TCC *versus* dispersed national classes



Politics as 'power and solidarity'

Power

- 'power over'
- threats and bribes
- rules and sanctions



Solidarity

- 'power with'
- social capital
- love

Economics

(understanding the social ‘household’)

- Microeconomics
 - isolated markets
 - supply and demand
 - prices and volumes
- Macroeconomics
 - the economy ‘as a whole’
 - national, international, global

Controversies in economics

- Microeconomics
 - greed the central driver
 - ‘utility’ maximisation
- Macroeconomics
 - single representative consumer
 - money and banking
 - static equilibrium analysis
 - economic analysis of policy and administration
 - reductionism vs emergence

The seductions of simplicity (and the aspiration to realism / reductionism)

- Social relations political analysis
 - class *or* gender *or* race VERSUS class *and* gender *and* race
- Economic analysis
 - the single ‘representative consumer’ VERSUS economics which recognised difference across class, gender and race

It is *impossible* to present a comprehensive objective account of either politics or economics

- Partly because they are so complex
- Partly because we are present as protagonists in the field of analysis and our experiences and purposes are irrevocably present in our descriptions, explanations and strategies
- The picture of the economy presented in the media is structured around the purposes and choices of investors, business people, and politicians regarding income and wealth (individual, corporate and national)

Theories of knowledge

- Realism: knowledge bears a one-to-one correspondence to reality
- Relativism:
 - knowledge is embedded in world view; our knowing is shaped by our histories and context, experiences and aspirations; we are present in our knowledge.
 - knowledge, and the social processes of knowledge generation, transmission and storage, are part of the world that they are supposed, in correspondence theories of knowledge, to represent.



Recursion: Map maker making a map which shows the map maker making a map which shows the map maker making a map which shows the ...

Partial stories

- Another way of understanding knowledge is to think of it as carried in partial stories, not always articulating or consistent.
- How we act, reflects our foregrounding a particular set of partial stories in the context of each particular action; it reflects a particular way of putting together these partial stories in the context of each particular action.
- These different ways of valuing and putting together different 'partial' stories reflect history and context of those who act.

Global economy and politics: some important 'partial stories'

- Colonialism, imperialism, neo-colonialism, neo-imperialism
- Debt trap
- Global reach (transnational corporations, TNCs)
- Post-industrialisation (export of jobs)
- From long boom to global crisis
- Productivity overhang (over effective demand)
- Neoliberalism as adaptation to post-Fordist crisis
- Corporate tax evasion and capital flight
- Casino capitalism, financialisation, neo-feudalism
- Asset bubbles and financial crises
- Sub-prime mortgage crisis
- European sovereign debt crisis

Global crisis

- A massive excess of productive capacity over effective aggregate demand
- Adaptive measures which
 - use environmental resources for recurrent purposes
 - transfer resources *from* the poor *to* the rich (and thereby further weaken aggregate demand and increase instability)
- Communications and the structures of opinion formation owned and controlled by transnational corporations and global elites demanding an increasing share of a diminishing pie

Threats to health

- Environmental degradation
- Famine
- Social and economic polarisation
- Conflict

Simple solutions

- Forgiveness of Third World debt
- Positive discrimination in trade
- Carbon tax
- Tobin tax

Complex implementation challenges

- Building solidarity across difference
- Achieving deliberative, participative and democratic control over human affairs

Sceptics

- Neoliberals
 - the doctrine of unintended adverse consequences of government
 - principal agent theory (the 'captured official')
 - transaction cost theory
 - the blind beneficence (or at least efficiency) of the market
- Postmodern skepticism: the flaws of the modernist project embedded in its strengths
 - reductionism
 - grand unified theory / realism
 - technological mastery
- Cultural / spiritual concern
 - beware the fear and greed which drives economic theory becoming the dominant cultural reality

Resources for responding to such skepticism / concern

- Complexity theory and neoliberal scepticism
- Poststructuralism and postmodern skepticism
- Political significance of cultural, ethical, spiritual practice

Complexity

- Limits to predictability
 - importance of capacity-building (and limits to ‘outcomes’)
 - importance of contingency and judgement (and limits to standardised algorithms)
- Complex adaptive systems
 - shared stories as coordinators of action (‘hidden attractors’)
 - a politics of ‘building shared stories’
- Emergence
 - new properties which emerge with scale

Poststructuralism

- Recursiveness of knowledge
 - inevitability of multiple, partial and incommensurable knowledges
 - role of judgement (feelings, intuition, bodies) in integrating incommensurable knowledges at the point of action
- Subjectivity (and purpose) embedded in knowledge
 - the oppressiveness of singular truth (and single best method)
 - the ‘politics of difference’: implications for listening and agreement

Public health practice in complex, recursive, institutional settings

- We are always part of the system: need to move from discourses of ‘intervention’ to discourses of ‘practising differently’ (within the system)
- All action is here and now; albeit informed by stories about the bigger picture
- Practice is our *selves* in action; practice is also the steering of our *selves*; the steering of whom we are becoming; individually and collectively

The macro micro principle

- Address the local and immediate problems in ways which also address the larger scale, longer term factors which reproduce those problems
- Political economy is a way of speaking about many of the larger scale, longer term factors

Forms of practice

- Working across difference
- ‘Practising differently’ (rather than ‘intervening’ - we are all inside ‘the system’!)
- Collecting and developing useful (partial) stories
- Realising the micro macro principle
- Melding citizenship with institutionally defined roles
- Developing our ethical/spiritual practice (explicitly and collectively developing ourselves)