

Perspectives and Debates

The crisis of capitalism and the marketisation of health care: the implications for public health professionals

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Significance for public health

In circumstances such as those described in this paper, public health professionals have a duty to speak out. They can look for inspiration to the Prussian physician Rudolph Virchow who, while fully aware of the key role played by lice, drew attention to the social and economic circumstances in Silesia in the nineteenth century that allowed typhus epidemics to occur.* Yet, in recent years, too many public health professionals have left the big decisions to politicians and economists, assuming they must know what they are doing. But now we know that they do not. A different solution is needed that prioritises health and social wellbeing. Public health professionals are as well equipped as anyone to propose it. They might start by looking at how they can change what is happening in health care and then apply the lessons more broadly. At least it will be a start.

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Abstract

The current economic crisis in Europe has challenged the basis of the economic model that currently prevails in much of the industrialised world. It has revealed a system that is managed not for the benefit of the people but rather for the corporations and the small elite who lead them, and which is clearly unsustainable in its present form. Yet, there is a hidden consequence of this system: an unfolding crisis in health care, driven by the greed of corporations whose profit-seeking model is also failing. Proponents of commodifying healthcare simultaneously argue that the cost of providing care for ageing populations is unaffordable while working to create demand for their health care products among those who are essentially healthy. Will healthcare be the next profit-fuelled investor bubble? In this paper, we call on health professionals to heed the warnings from the economic crisis and, rather than stand by while a crisis unfolds, act now to redirect increasingly market-oriented health systems to serve the common good.

Two crises

On 26th December 1991, the Soviet flag flying over the Kremlin was lowered for the last time, to be replaced by that of the newly independent Russia. This symbolised the death of communism as an organising principle of society in Europe, the end of an experiment that had begun in St. Petersburg in October 1917.¹ No longer would there be any serious argument about what was the best way to organise socie-

ty, communism or capitalism. Communism was broken and capitalism was triumphant.² Yet, twenty years later, it is the capitalist system that seems broken.³ Mass demonstrations on a scale seen two decades ago in Prague, Warsaw and Budapest are being replayed on the streets of Athens, Lisbon, Madrid and Rome. The situation in Western Europe displays many parallels with the dying days of the communist system. Just as, in the 1980s, the communist economies stagnated, real incomes for average families in employment in western Europe have barely changed since the early 1990s, although now the reality has been disguised by the availability of cheap credit. Yet neither system was sustainable. Just as in central Europe in the late 1980s, once the system began to unravel, it did so very quickly, with politicians rapidly losing control of events.^{4,5} In both cases, the policies they pursued failed, often spectacularly. Then, it was the attempt to reform the system from within. Now, it is the policies of austerity, promoted as a means of tackling the economic crisis, but making things much worse.⁶ Suicides are a key indicator of the confidence that the population has in its rulers. Yet, suicides are now rising in western Europe too, reversing the long downward trend that had lasted for several decades.⁷ As in the communist period, not everyone is equally affected. Then the beneficiaries were the *nomenklatura*, the communist party elite. Now, it is the 0.001% of the population who head major corporations, earning over 350 times the wages of the average worker. Just as the *nomenklatura* had their own *Zil* lanes in the Soviet Union, now they use the separate Olympic lanes in London as they speed to the events they have sponsored using money they have taken from the general public. There was not always such dominance by a super-rich aristocracy. For much of the post-war period, the capitalist system benefitted most people, just as in the days following the Russian revolution, the communist system brought enormous benefits to its people, introducing universal health care and expanding education to achieve universal literacy. But both went very badly wrong. In the case of communism, it was the murderous policies pursued by Stalin from the late 1920s.⁸ In the case of capitalism, it was the *laissez faire* policies pursued by Thatcher and Reagan in the 1980s.⁹ What do these systemic changes mean for the future of health systems in Europe? First, we trace the rise and fall of market capitalism in Europe and North America, showing how the major corporations in the financial sector redefined their roles, abandoning their traditional role of providing income for savers and supporting small businesses, and taking up what amounts to reckless gambling with the money of their shareholders and depositors, all for their own benefit. Then, we will reflect on how changes in the financial system will affect health care. The pressure to expand markets has moved into basic human needs, creating bubbles in food and housing. Inevitably when they crash, investors seek to expand more markets for profiteering. Healthcare is set to become the next commodity bubble as an increasing number of corporations enter this sector, moving into the delivery of health care. Like

the financial institutions, they are rewriting the rules to benefit themselves. In this case, they have abandoned their traditional roles of developing the drugs that people need and treating those who are ill. They have realised that they cannot make money out of the increasing numbers of people with multiple complex disorders so instead they leave them for state systems to pick up their care, all the while complaining about the taxes they pay for those state systems as they struggle with ever more complex patients and fewer resources. They are redirecting their efforts to persuading those who have nothing wrong with them that they really need the much more straightforward and predictable care that they can provide. We conclude with a proposal for activism to challenge the forces that stand posed to plunder public health systems for their personal gain at great cost to us all.

The triumph of capitalism

Today, in the world's economic centres such as Wall Street and the City of London, regulations that had once held the financial markets in check are viewed as obsolete. Advances in computing now allow billions of dollars of shares to be traded in milliseconds. In the 1980s, new types of traders were recruited, with degrees in maths, physics and engineering, all trained in the more obscure areas of mathematical theory.

The financial markets changed profoundly. The original rationale for a stock market was to raise money to enable companies to grow. Investors looked for people with clever ideas who they could turn into a sustained profit stream. They invested for the long term. The same was true of banks. Local bank managers knew the business people who lived in their town or city. They were willing to take risks and, in doing so, provided the capital that allowed large numbers of small and medium companies to start up and grow, providing local employment and benefitting everyone. But this was to be swept away. Long-term investments were discarded as those in the financial sector realised that they could make billions of dollars in an afternoon using ever more complex derivatives; in reality just a form of gambling, albeit for very high stakes and with other people's money.¹⁰ Bank chief executives asked themselves: "Why waste money on local branches when we could improve efficiency by centralising banking and making decisions on which companies to support based on computerised algorithms rather than detailed local knowledge?" Slowly, the financial system stopped being something that was there to support ordinary people, as investors, manufacturers, pensioners and savers, but rather a means by which a tiny percentage of the population could become fabulously rich at other's expense, using their money.⁵ Once, the companies they ran would return most of their profits to shareholders. No more. Now most of it would go on bonuses to senior staff. And in many cases these profits were greatly inflated by outsourcing as much of their workforce as possible, ideally to developing countries such as India. The heads of these companies had lobbied hard to ensure the free global movement of goods, services and capital, but were determined not to extend that to people. After all, if the highly trained workers in developing countries could come to Europe or America, then they would demand higher wages, something they considered totally unacceptable.

The public went along with this. Ordinary people in many parts of Europe, but even more so in the United States, thought that the system was benefitting them. They failed to understand what was happening in the financial markets, but they did not really care. They were able to get cheap credit to buy a new house and to fill it with consumer goods. What they failed to realise was that they were not alone in their ignorance of what was happening in the financial markets. Few, if any, of those senior executives who were awarding each other astronomical rewards had any idea what was happening either. They just thought the good times would continue forever. But they would not.

Too good to last?

In 2007, it all began to go wrong. Those Americans who had bought houses with sub-prime loans could no longer repay them. Often to their amazement, investors in Europe who thought that they had placed their savings and pension funds in what they thought were safe products in other countries realised that they were sitting on a pile of worthless real estate in a remote corner of Arizona. Panic swept through the global markets. And it continues to do so today.

The financial crisis was like the tide going out. Only then was it apparent who was not wearing a swimsuit. It soon became clear that the Greek economy was built on straw. For years, many people had struggled to understand what was happening in Greece. How could a country with such weak infrastructure be doing so well? But of course it was not. It is now clear that the Greek government was simply making up the numbers.¹¹ The same was true for many banks. First there were the derivatives they had invested in, many of which led to massive losses. But there were also the bad loans. Those computerised algorithms that had replaced the local knowledge of bank managers had left them with piles of worthless assets.

Systematically this approach of reaping gains from reckless investing has expanded into all domains of public life. Housing was the sector that led to the current crash. Food then became the next hot commodity, following a similar boom-bust cycle, generating massive profits for investment funds.¹² Now investors are beginning to apply these tactics by stealth to healthcare. What are the implications for health systems, and how should those of us working in public health respond?

The lessons for health care

The corporate greed that underpinned the financial crisis has implications for health policy that are too easy to overlook. Some years ago, major corporations realised that they needed to move beyond the traditional means of making money, the production of goods that people would buy, to the provision of services. The problem was that many of the key services that people depended on, such as health, education, and social care, were being provided by the state, at least in Western Europe. The challenge they faced was to transform these services, which for 50 years had been funded by taxes, based on the ability of citizens to pay, and received on the basis of need. They were owned collectively by the people through the intermediary of the state, and people remained safe in the knowledge that they would be there when needed. They were not seen as an opportunity for private profit.

To change this, market elites first had to rewrite the rules in their favour, getting their client governments in North America and Europe to shape the General Agreement on Trade in Services to their advantage.¹³ Within the European Union, similar measures were adopted in relation to the provision of services.¹⁴ To get their hands on health and education services, seen as the main growth areas, the corporations needed to prise them away from government control. The anticipated rewards of privatisation were enormous, as they had realised in the United States where returns on investment in the health sector had been huge (now accounting for one-fifth of GDP, the highest worldwide). And health had another benefit. The demand was potentially unlimited, not least because those who supplied it could themselves stimulate demand.

Second, the market elites had to overcome resistance from a universal public system that had enduring popularity and public support. This involved creating popular discontent, drawing attention to any failings in the public system, and promoting *choice* as a value in itself, along-

side effectiveness, efficiency, humanity and equity.¹⁵

However, in seeking to unleash a market in health care they faced some fundamental problems. Some fifty years ago, the Nobel Laureate Kenneth Arrow described why the market in health care fails.¹⁶ The reasons include the presence of externalities, whereby one person benefits from another receiving health care, especially if they have a contagious disease or a psychosis that may cause them to be violent. There is also information asymmetry, where the health professional offering care knows more about what the patient needs than they do themselves. But above all there is the problem that those who are in most need of care are the least able to afford it. In contrast, those who need care least have plenty of money. This was recognised in the 1920s in the United States when the insurers Blue Cross and Blue Shield were created by associations of doctors and hospitals, not because they were concerned about the ability of people to obtain care, but rather to ensure that they themselves would be paid for providing it. Given these well-known market failures, how can the private sector make the profits it sought from health care? The answer is to redefine health care, as shown in the next section.

The patient paradox

A British general practitioner, Margaret McCartney has recently described what she terms the *Patient Paradox*.¹⁷ She describes her difficulties, even in the National Health Service in the United Kingdom, in getting appropriate care for her patients who really do have illnesses, and especially the most difficult group, those with mental illness, while at the same time being cajoled, encouraged, and incentivised to deliver services, such as ever increasing varieties of unevaluated screening, to those who are well. Put simply, those with real illnesses offer little scope for profit by those who have been contracted, in the British internal health care market, to provide care.

The problem is exemplified at an international level by neglected tropical diseases. They are neglected for a reason. The reason is that the pharmaceutical industry cannot see a way of making money out of them. If these diseases are to be cured, it will not be enough to rely on the capitalist market.¹⁸ Instead, there is a need for intervention by the state, or states, for example through advance market commitments, whereby governments agree to share the risk of development.¹⁹ However, they are simply symptoms of a wider problem.

The pharmaceutical industry now realises that it is running out of ideas that will make it the massive profits it was once used to. These profits were based on a model that found a common disease, ideally with its onset about middle age, which would require regular treatment for years. It found them. They included, among others, high blood pressure, chronic airways disease, diabetes, Parkinson's Disease, and depression. But the problem now is that there are no more of these diseases to be found. There are perfectly good treatments for them and any new treatments can make, at most, a marginal contribution, and even that is frequently exaggerated by selective reporting and manipulation of clinical trial data.²⁰ These firms could develop antibiotics, but the problem there is that resistance emerges before expiry of patent protection, so there is no money to be made.²¹ Then there is cancer, but it is not a single disease. The more scientists learn about it, the more they divide the market into smaller and smaller parts.²² Any new drug will be effective against tumours in a relatively small number of people. They will only take it for a short while. The cost per dose will be astronomical. Publicly funded health systems will be reluctant to pay, knowing that they will have to reduce existing care for others as a result.²³ And the individual patient will, with rare exceptions, be able to pay. The same is true of drugs for children.²⁴ Who will pay for the necessary test-

ing knowing that the market will be tiny? Instead, the industry has focused on so-called lifestyle drugs. Anyone watching American television could be forgiven for thinking that the entire male population must have erectile dysfunction. The system of drug production, based on the free market, is as broken as the financial system and, just like it, it is far from clear how to fix it.

But it is not just pharmaceutical companies that face fundamental problems. So do those corporations moving into the delivery of health care. Their problems are illustrated by the ageing of populations. Older people can be very difficult to treat. They do not fit into convenient boxes with a single disease. They have multiple disorders, necessitating a complex combination of drugs, many of which may interact with each other.²⁵ They may have varying degrees of organ failure, with their liver or kidney function influencing how those drugs are metabolised. They may have cognitive decline, so that they forget to take their tablets when they should, leading to unanticipated and potentially unnecessary admissions to hospital. Fundamentally, they are unpredictable and, as we are constantly told, markets hate uncertainty. Anyone running a health system for profit will see them as the last people they want to deal with. Instead, they want to design simple, protocol-driven packages for young people with single diseases, such as uncomplicated diabetes or asthma, that can be delivered by health workers with minimum training, or even better, by computerised systems that take the human touch out of care delivery altogether.

These examples illustrate the problems that corporations active in the health sector are facing. To respond, just as the financial sector did when it realised that its traditional sources of profit were no longer sufficiently lucrative, they must redefine the rules of the game. In the next section, we examine how they are doing this.

The medical-industrial complex

Back in the 1950s, Eisenhower warned about what he called the military industrial complex, whereby a powerful coalition of generals and chief executives conspired to talk up the threat from the Soviet Union, exaggerating the so-called 'missile gap' and seeing threats where none existed.²⁶ The goal was not to protect the United States, but instead to transfer vast sums of money from the federal budget to the coffers of the corporations, and ultimately to those generals who would move seamlessly into their employment on retirement. This is a model that has since been widely emulated. There is the security industrial complex, whereby corporations and government officials, many also looking for a lucrative retirement home, have conspired to spend billions of euros and dollars on ineffective systems of airport security.²⁷ This has resulted in countless people having their cosmetics, nail files and the like confiscated while the few people who actually had bombs sailed straight through, even when they have done everything possible to draw attention to themselves.²⁸

But it is now the medical industrial complex that is setting the rules of the game, by redefining the goals of health care away from those in most need, such as those with tropical diseases or ageing populations with chronic disorders and towards those who are essentially well. If the general practitioner is unwilling to respond to these pressures and incentives, many others will. In particular, those who do respond are the many private providers who offer so-called screening services using ever more complex imaging technology to visualise every part of one's body to find entirely harmless anomalies for which they can extract money for giving what they call 'treatment'. McCartney catalogues many examples, such as the treatment of surrogate markers, such as cholesterol, even at levels far below where it might do any harm, the creation of new so-called diseases, such as pre-diabetes, and treatment of raised levels of prostate-specific antigen, even at the cost of often

appalling side effects while giving no overall benefit.¹⁷ Yet at the same time as people are being encouraged to spend ever greater sums of money on interventions that are useless, corporations are telling everyone that the rise in health care expenditure is unaffordable and must be rationed. Moreover, those same corporations are funding lobby groups, often in a manner that is far from transparent, to persuade governments and the public that the European welfare state is unsustainable, using highly selective and frequently misleading evidence. In some cases, where governments view the economic crisis as a once in a lifetime opportunity to roll back the welfare state, they are pushing at an open door.²⁹

Conclusions

European citizens today are like those who looked around them in Eastern Europe in 1989 and realised that the systems they inhabited were being run not for them but for a small elite. These systems were becoming increasingly dysfunctional and were failing to deliver on what they had promised. They had to change and they did. Today, it is equally clear that our systems have to change, but so far they have not.

One of the first things that new public health trainees are taught is the importance of looking upstream, to the fundamental determinants of health. To make a difference to population health it is necessary to tackle *the causes of the causes*.³⁰ The policies of austerity being pursued in Europe today are already impacting adversely on health, with rising suicides and denial of necessary care.⁶ Yet, as is now increasingly clear, they are not even doing what they were designed to achieve in the economy, instead they are choking recovery. As this paper has shown, many of those who promoted the deregulation of financial markets are now turning to the social sector as the next big opportunity to turn a profit. Yet their actions will not help those who need care and will medicalise the problems, real and imagined, of those who do not need it. Inevitably, scarce resources that could be used to alleviate genuine suffering will be wasted.

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