Health Status in Different Lands at Different Times in History—A Comparative Perspective

Health Indicators in Populations

To compare differences between and changes within the health of populations, it is helpful to agree upon some sort of standard health indicators. Mortality rates and life expectancy are the ones most commonly used.

For many years, UNICEF and others considered the infant mortality rate (IMR) to be the best indicator of a population’s overall health level. IMR is the number of deaths per 1000 live births in children under one year of age. Not only are infants especially vulnerable to the ravages of ill health, but their survival depends on a diversity of factors ranging from biological and environmental to economic and cultural. Although IMR is still a widely used indicator, UNICEF now regards the mortality rate of children under age five (U5MR) as a truer measure of a population’s well-being. Clearly, no death statistics entirely reflect the health or quality of life of survivors. However, if we accept IMR and U5MR as rough indicators of a population’s health, we can observe striking differences in different countries at different times. This allows us to correlate economic, social, and political conditions with levels of children’s health.

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Fig. 3-1 Under-five mortality rate (per 1000 live births), GNP per capita, and distribution of wealth (defined as the proportion of household income going to the wealthiest 20% of the population relative to that going to the poorest 40%) (Source: UNICEF, State of the World’s Children, 1995, pp. 66–67.)
For instance, the economic status of a country often appears to correlate, more or less, with its health status. Figure 3–1 shows us that the U5MR can be up to sixty times higher in poor than in rich nations, while the IMR is as much as forty times higher. However, as we will discuss later, a country’s total wealth is not the most important determinant of its people’s health.

To offer some insight into how the health indicators of a country change it develops, we can compare current mortality rates against some historical reference points. Figures 3–2 to 3–4 show the trends of IMRs in selected countries, North and South, in the past and present. Note that in Great Britain, Sweden and New York City, even at the close of the nineteenth century, more than 100 of every 1000 babies were dying. This represents a higher infant mortality rate than in many underdeveloped countries today. Moreover, the main causes of death in 19th century England and Wales were essentially the same infectious diseases that are killing children in underdeveloped countries today: diarrhea, measles, and respiratory infections such as pneumonia, tuberculosis, and whooping cough. Even the diseases we now refer to as tropical, such as malaria and leprosy, were once problems as far north as Scotland and Ontario, Canada. Cholera was formerly a dreaded scourge in Europe.

What caused Europe’s and the United States’ IMRs to drop to their present levels? This dramatic decline is sometimes credited to medical breakthroughs, such as the discovery of antibiotics and vaccines. However, the evidence suggests otherwise. Studies have found that in England and Wales the drop in IMR was mainly due to fewer deaths from infectious disease, but this decline in infectious disease occurred well before the discovery of antibiotics and vaccines.

Figure 3–5 shows that the death rate from tuberculosis, the single biggest killer in 19th century England and Wales, fell sharply before the development of any effective drug.

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1. Fig. 3–2 Infant mortality rate by year in England and Wales.
2. Fig. 3–3 Infant mortality by prominent causes in New York City. (Rates per 1000 live births)
3. Fig. 3–4 A comparison of infant mortality rates in Sweden and Costa Rica
4. Fig. 3–5 Decline in TB in England and Wales before drugs.
treatment or a vaccine. Similar patterns exist for the decline of measles, whooping cough, and others of the current major killers of children in developing countries.

**Development in the “Developed” World**

To understand whether today’s underdeveloped nations can hope to duplicate the health improvements of the developed countries, we must first examine what brought about these improvements. Historically, the declining death rates in the North coincided with improvements in nutrition and the living and working conditions of working class and poor families. Because the circumstances of how this happened in England and Wales are particularly well-documented, we will use them as a case study.\(^6\)

The improvement in the living standards and health of the English people is often traced to the Agricultural Revolution of the eighteenth century and the Industrial Revolution of 1750–1850. However, these revolutions were a mixed blessing. While the shift toward large-scale agriculture and industry increased production of food and goods, it also resulted in widespread landlessness, migration to the cities, unemployment, unsanitary conditions, and malnutrition—all of which took a devastating toll on the health of working and poor people. The misery unleashed by such inequities triggered another kind of revolution: a revolution of the working class, which galvanized the downtrodden into creating a unified, organized struggle. It was this class struggle, the demand of disadvantaged people for their rights, that ultimately led to a redistribution of resources and widespread improvements in living conditions and health.

In sum, the agricultural and industrial revolutions did not bring about better health *per se*, but because of the cruel hardships they brought to millions of people, they triggered an organized popular demand for a fairer, more equitable society.

One of the first steps toward large-scale capitalist production which typified the Agricultural Revolution was the Enclosure Movement, which peaked in the years between 1760 and 1812. Large landholders, eager to make huge profits by selling food to Great Britain’s rapidly growing population, swept aside the “commons” or open-field system of land tenure which had prevailed for almost one thousand years.\(^7\) These land barons appropriated, consolidated, and fenced in both land that had previously been cultivated by small individual subsistence farmers, as well as land that had been used in common by all members of a community to graze their cattle or collect firewood.\(^8\) In essence, the Enclosure Movement replaced small-scale subsistence farming with large-scale commercial agriculture. This led to more food output, but it also forced many small farmers off their land, most of whom migrated to the cities and became the factory workers of the Industrial Revolution. The seeds of the ensuing class struggle is vividly captured in the desperate words of a participant in a rural riot that took place in 1816:

> Here I am between Earth and Sky, so help me God. I would sooner lose my life than go home as I am. Bread I want and bread I will have.\(^9\)

The migration of displaced rural families to the cities, known as “urban drift,” persisted throughout the agricultural and industrial revolutions. The shanty towns these families flocked to had deficient housing and grossly inadequate water and sanitation. The overcrowding and poor hygiene in these urban ghettos mirrors Third World squatter settlements today.

In the early days of the Industrial Revolution, malnutrition was the norm. This is evidenced by the recorded growth-stunting of English schoolchildren, which highlights the link between malnutrition and poverty. In the 1870s, children over 11 years old in working class schools were, on average, from three to five inches shorter than their counterparts in upper class schools. Today, although Third World children are, on average, shorter than those in developed countries, those children from affluent Third World families are as tall as First World children.\(^10\)

Similar disparities in health indicators between rich and poor were noted by Frederick Engels in his path-breaking 1845 work, *The Condition of the Working Class in England*. He found that the death rate in lower-class streets was up to twice that in upper-class streets.\(^11\)

In nineteenth century England hunger, poverty, and unemployment led first to widespread discontent, then to strikes and riots. The state responded with brutal repression; in fact, the British police force was created in 1829 precisely in order to counter such unrest. Popular misery and discontent led to the formation of labor unions, whose basic demand was that employers pay workers enough to feed their families. The awareness-raising induced by these demands, together with the writings of Dickens and other social activists, eventually had an effect. Some influential figures among the middle and upper classes began to call for measures to improve the situation of the poor, either out of compassion (especially for poor children) or out of a pragmatic desire to head off widespread revolt.
Over a period of decades, pressure from labor organizations and reformers led to better wages and working conditions. Growing public outrage over high death rates from infectious disease—and in particular over four major cholera epidemics that occurred between 1830 and 1866—forced Parliament to pass the Public Health Acts of 1848, 1866, and 1875. The 1875 Act created local committees responsible for sanitary measures. Health initiatives included environmental regulations governing the water supply, sewage disposal, housing standards, livestock slaughtering, quarantine hospitals, and the creation of parks and other open spaces, as well as a move for more universal education.

Today, London once again is faced with rising levels of poverty, slums, street children, and inequity, as is New York City. Under the conservative leadership of Britain’s Margaret Thatcher, the standard of living of the lower classes unquestionably deteriorated. Nevertheless, when compared to the situation as it was in the 19th century, the rights and wages of today’s English working people are much improved, as are their nutrition, living conditions, water supply, and sanitation. Labor unions remain relatively strong. Education is nearly universal. And although the National Health Service has been partially dismantled and privatized by conservative administrations, basic health services are still available to most citizens at public expense.

In sum, the profound health gains in the English population were the result of improvements in living and working conditions and nutrition. More broadly, they were the direct result of gains in social equity. These improvements were not automatic by-products of economic growth. Rather, poor people had to fight for them against the resistance of the entrenched interests of the privileged. Similar processes took place in the other industrialized countries.

Changes in the social order which benefit the disadvantaged tend to be resisted by the ruling elite, and require organized demand from the bottom up. As Frederick Douglass, a leader in the struggle to abolish American slavery, put it:

If there is no struggle there is no progress … Power concedes nothing without a demand. It never did and it never will … People may not get all they work for … but they must certainly work for all they get.

Another important lesson from history is that social changes that benefit the disadvantaged, once won, must be vigorously and continuously defended; Thomas Jefferson said that revoluations must be re-fought every 20 years.

The creators of all these heart-rending novels and films, past and present, bring vividly to life the extent of personal tragedy and suffering that is too often lost when we talk of “under five mortality rates” (U5MR) in the millions. They make it clear that hunger, poverty, high unemployment, inadequate wages, miserable living conditions—largely the consequence of routine exploitation of the weak by the strong, and the powerlessness of the poor majority—are the key factors behind ill health and early death.

Having looked at some of the events and confrontations that led to improvements in living standards and health in the northern industrialized countries, can we realistically expect today’s Third World countries to follow a similar path of economic and social development? Before assessing this question we must briefly examine the reasons for these countries’ current state of underdevelopment.

The Development of Underdevelopment

To a large extent it was the ruthless exploitation of the non-European world that made the industrial revolution possible. Mushrooming colonization decimated indigenous populations in Africa, Asia, and the Americas. Their subsistence economies, cultural patterns, and whole ways of life were violated. The introduction of infectious
diseases, such as smallpox and measles, virtually wiped out entire populations which had previously been unexposed. Furthermore, it was wealth plundered from the southern colonies that fueled industrialization in many northern countries. This was particularly true in Great Britain, where foreign trade was a main source of new capital. The cotton textile industry, for example, was instrumental in providing capital for the development of the country’s iron, steel, and engineering industries. The story was the same in other European countries, including Spain, Portugal, France, and the Netherlands. To make matters worse, many colonized countries of the south became victims of the slave trade, another major source of capital for the colonizing nations. After the first slaves were shipped to Virginia in 1619, tens of millions of Africans were abducted to the Americas in a human market that continued until 1867. Thus the onset of private, profit-driven market economies (i.e., capitalism) that accompanied the agricultural and industrial revolutions was made possible at the considerable expense of poor people within the northern countries, as well as their colonies in the south.

By the 1860s, the market forces and free competition which had stimulated the development of European industry had unquestionably resulted in increased production of goods. But mechanized production began to replace workers, leading to rising unemployment and falling wages, triggering the first serious economic depression in Europe. In an attempt to generate economic recovery, many industries merged, leading to a shift away from relatively competitive conditions to more monopolistic ones with concentrated economic power.

This transition from small competitive production units to large monopolistic industries has accelerated during the 20th century with profound repercussions on the Third World. Business interests in the North turned increasingly to the nonindustrialized South as a lucrative outlet for investing their surplus capital. By exporting their large scale, monopolistic form of production and technology to the underdeveloped countries, the industrialized nations stifled indigenous economic development. In this way powerful business interests in the North transformed the Third World into a field ripe for investment.

The trends toward monopoly, growing concentration of economic power, and increased investment in the Third World have culminated during the twentieth century in the formation of giant transnational (multinational) corporations (TNCs). Today the combined sales of the 350 largest TNCs exceed the individual gross national products of all Third World countries. Many TNCs have diversified, investing in industries far removed from their original lines of business. TNCs do about two-thirds of their business in developed countries, and the remaining one-third in Asia, Africa, and Latin America. Initially, their Third World operations emphasized mining and agriculture. However, in recent decades TNCs have begun moving their manufacturing plants to Third World countries with adequate infrastructures (such as Mexico, South Korea, Taiwan, and South Africa) in order to take advantage of their less organized, cheap labor. (The negative impact of TNCs on health is discussed in Chapter 12.)

Underdevelopment of the Third World as an Ongoing Process

We have briefly outlined the process by which the First World has colonized and taken advantage of the Third. Grasping this historical dynamic is crucial to assessing whether the Third World is now capable of repeating the process which led to European social and economic development and corresponding improvements in health.

Today, giant monopolies, with their advanced technology and sophisticated marketing prowess, have penetrated most of the Third World. As happened in feudal England, wealthy interests (both foreign and domestic) have appropriated large tracts of land from small farmers in order to grow cash crops. The introduction of large scale agribusiness—promoted by foreign aid as a form of development—has left millions of Third World rural inhabitants landless. One study estimates that “at least 1 billion rural people in the third world (or roughly one in three) have been deprived of farmland.” The change in land tenure has also undermined traditional subsistence agriculture, leading to a sharp decrease in food production for local consumption and an increase in malnutrition. (Land scarcity has also been cited as a contributing cause to the recent genocide in Rwanda.)

Some small farmers who have been driven off their land find jobs as farmworkers for large landowners or foreign-owned agribusiness. However, such jobs become scarce as manual labor is replaced by machines. So the majority of landless peasants migrate to urban shantytowns in search of work in a disturbing repetition of the urban drift of nineteenth-century England. Today, nearly 45 percent of the world’s people (some 2.6 billion) live in cities, and the Worldwatch Institute estimates that by the year 2025, approximately 60 percent (about 4 billion) will reside in urban areas. Once there, the migrant workers discover that foreign-dominated, mechanized industry can absorb only a fraction of them. The widespread unemployment resulting from the so-called jobless growth of big industry translates into weak labor unions and falling wages.
The resourcefulness of the poor who migrate to the cities has given rise to the so-called informal sector. (This refers to people earning income outside the wage economy through improvised activities such as odd jobs, vegetable-hawking, refuse collection, basket-making, shoe repair, water-selling, and guiding tourists—not to mention stealing, prostitution, drug peddling, and begging.) Meanwhile, dirty, overcrowded shantytowns and slums are expanding at an alarming rate in Latin America and Southeast Asia (and to a lesser extent in Africa, which has traditionally been more rural). The septic fringe of many cities today hosts higher rates of sickness and death than many rural areas. Because of poor sanitation and crowding, diarrheal diseases in children are especially devastating.

**From trickle down to trickle up**

During the 1950s, mainstream development thinkers saw national economic growth through big business and international trade as a panacea which would eventually “trickle down” from Third World elites to the poor majority. Over the next two decades, however, it became evident that more trickled up than trickled down. Economic growth was often accompanied by increasing poverty. Rising unemployment and falling wages led to growing social and economic inequality.

A stark example of this is Brazil’s “economic miracle” of the late 1960s and early 1970s. The 1964 military coup in Brazil was followed by a high rate of economic growth. In his study of the city of São Paulo, Charles Wood shows that this miracle was based on the intensive exploitation of the working class, which resulted in a substantial decline in the wages and standard of living of the majority of the population. Similarly, the Philippines experienced an increase in gross national product (GNP) per capita during the first half of the 1970s, yet the number of Filipinos living in poverty increased over this period.

This correlation of economic growth in the industrial sector with increasing misery for the poor prompts George Kent in *The Politics of Children’s Survival* to advocate using children’s survival rates instead of economic growth as the gauge of a society’s level of development. Kent acknowledges that this would be “a biased indicator, one that is particularly sensitive to the conditions of the poor,” but argues that the “more conventional measure of development, gross national product per capita, is also a biased indicator, one that favors the interests of the rich.” One could argue that a still better gauge of development would include quality of life indicators such as illness and malnutrition rates, and not merely survival rates.

As we have seen, the situation of the Third World today resembles that of the First World in the eighteenth and nineteenth centuries, but is in some ways quite different. Faced with similar circumstances, the now-industrialized countries achieved improvements in health primarily through widespread gains in nutrition, sanitation, living and working conditions, and education. These were achieved through a combination of factors, including pressure through the union movement for improved wages and working conditions, concern in elite circles about social stability, and pressure from social movements such as the Health of Towns movement. Industrial growth had created many of the new threats to health but also contributed to improved living conditions and new social programs. The impact of more effective preventive strategies and treatments on population health status came much later and was less significant than improved living conditions. (It is difficult to differentiate the impact of new prevention and treatment technologies from the impact of increasing health literacy across the population which often comes with widespread access to medical care.)

Today’s underdeveloped world may be able to attain advances in health, in part through a similar process. But the task of improving health and overcoming underdevelopment is more complex than simply retracing the path of development of the industrialized countries. The paths of development of individual countries must be contextualized within the wider global economy. Several exploitative development mechanisms utilized by the North cannot be reproduced by present-day developing nations. These include (1) the plundering of the other nations’ human and material riches, (2) the slave trade, and (3) the export of surplus capital and import of raw materials from weaker, more dependent countries under exploitative terms of trade.

Much of the capital needed for the industrialization of the northern countries came from the exploitation of “their” colonies. The underdeveloped countries of today are not in a position to exploit any colonies of their own; on the contrary, they continue to be exploited through a financial and trading regime which is structured to serve the interests of the elite and middle classes of the North. Third World economies have become increasingly dominated by First World transnational corporations which have formed alliances with Third World elites. Given all these factors, the First

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Some of the more recently developed countries—notably Japan and the oil producing countries—have approximated this colonial (or neocolonial) pattern of plundering poor countries. (The slave trade has, of course, been replaced by the import of low paid servants, sex workers, etc.) However, the fact that a few former colonies have “succeeded” makes it all the more difficult for remaining countries to follow suit.
World’s path to development is simply not available to most developing countries.

In addition, growing numbers of citizens in both the First and Third Worlds are reevaluating the path of Northern (or Western) development, and deciding that it no longer appears desirable, ethically acceptable, or even feasible. They see that conventional development encompasses stark and growing inequities. Further, even if the Western development paradigm were to prove successful in many more countries, the global environment could not sustain the exorbitant use of resources and massive production of waste.

If our current development paradigm failed to achieve sustainable economic growth for many Third World countries, it had even less success in producing genuine socio-economic and human development for those countries’ poor majorities. For millions of people, gains in income, nutrition, living conditions, health care, and education have been marginal at best, and for many the overall quality of life has worsened. More than one billion people continue to live in absolute poverty.25

Third World Development—
of Massive Foreign Debt

In its 1989 State of the World’s Children report, UNICEF blamed the reversals in progress in health and development in the 1980s on the “financial prison” of “rising debt repayments and falling commodity prices.”26 The series of blunders which led to this continuing debt crisis was caused primarily by irresponsible lending by large commercial banks based in the US, Europe, and Japan.27 Let us look at the events which led Third World countries into this debt trap.

During the 1970s, the Organization of Petroleum Exporting Countries (OPEC) quadrupled the price of oil. These oil-rich countries deposited much of the resulting revenue in Northern banks. Glutted with money, the banks decided to invest in Third World development, the terms of which were largely determined by the Northern lenders. Massive loans were given for large scale agribusiness and big industry which would produce goods for export and thereby generate the foreign exchange needed for servicing the debt.

These loans were distributed generously without serious assessment of the ability of the recipient nations to ever pay them back. Indeed, in many cases they were being paid to take the loans through negative interest rates (interest rates lower than the current inflation rate). An aura of optimism led bank officials to believe that the indebted nations would move steadily toward economic prosperity, and that their loans would yield handsome returns. Thus, between 1970 and the early 1980s, the Third World’s foreign debt increased from $68 billion to $596 billion.28

However, the situation has changed dramatically since 1981. President Reagan came to power on a platform of tightening the monetary supply to control inflation and reducing domestic taxes while simultaneously outspending and forcing bankruptcy on the USSR by a renewed arms race. The combination of high interest rates and massive borrowing reversed the flow of petrodollars (which were drying up anyway following the fall in oil prices toward the end of the 1970s).

The debt trap was sprung with an abrupt rise in interest rates worldwide (to as high as 18%). Third World debtor countries were well and truly trapped. By the early 1980s it was becoming clear that some countries were in danger of defaulting on their debts. The banks adopted a new conservative stance: tight credit, high interest rates, and a freeze on new loans. At the same time, underdeveloped countries were suffering declining returns for their exports (associated with the recession) and growing inflation. Mexico, in 1982, was the first country to announce that it simply could not pay.

By the early 1980s this rapidly mounting debt burden was causing stalls and setbacks in the economic growth of many Third World countries. It was also slowing down or halting gains in people’s health and child survival. While the elite in the poor countries got richer (as did the experts and merchants of development in the North) Third World governments did not have enough in their coffers to pay the salaries of teachers and nurses and to maintain basic social programs.

It should be stressed that Third World governments and national elites who eagerly sought these loans must also bear a share of the blame for the economic stagnation that resulted. It was reckless of them to borrow amounts they had no realistic hope of repaying, and to wholeheartedly embrace the Western growth-oriented development model. In many cases the borrowed funds were used for grandiose, top-down “development” projects, such as giant dams, elegant international airports, high-risk entrepreneurial schemes, arms imports, and other activities designed to advance their own political and economic fortunes. However, given their powerful positions and their ability to set the terms of the world economy, the banks and the northern governments/universities/industries that promoted the development-through-debt paradigm must be seen as the biggest culprits.
Current Threats to Health — The Debt Crisis, Recession and Adjustment

Structural adjustment programs imposed by the International Monetary Fund and World Bank have consistently undermined economic and social progress by suppressing wages, undermining the contributions of small producers, and placing social services—particularly health care and education—out of reach of the poor.

—from the Alternative Copenhagen Declaration at the UN Summit for Social Development, March 1995

The debt crisis of Third World countries—which continues to this day—has also contributed to the worldwide economic recession. The recession started in the industrialized countries in 1981–83, ending the long post-World War II economic boom. It was precipitated by the stringent financial policies that were adopted by the Northern countries (in particular the US and the UK) from the early 1980s, involving tight credit, high interest rates and cutbacks in government spending.

The resulting growth slowdown was immediately passed along to the underdeveloped countries through reduced US and European demand for Third World exports (leading to a decline both in the volume of exports and their prices) and cuts in foreign aid. This led to a reduction in the funds flowing into Third World countries, as well as rising interest payments on their foreign debts and continued deterioration in their terms of trade (prices of imports increasing relative to prices for exports). The net result was a reversal in the flow of capital between the First and Third World. The underdeveloped countries went from being net importers to net exporters of capital. In 1979, there was a net flow of $40 billion from the rich countries to the poor. By 1989, there was a net flow of at least $20 billion a year from the poor countries to the rich. If we take the deteriorating terms of trade faced by developing countries into account, this flow approaches $60 billion per year. Moreover, at the same time that they were exporting capital to the developed countries, the underdeveloped nations saw their debts continue to grow.

These events have had a devastating impact on the Third World. From 1980 to 1985, three quarters of the developing countries experienced a decline in gross domestic product per capita. In Africa, 84% of the population experienced negative economic growth. The number of Latin Americans with incomes below the poverty line increased by 27% between 1980 and 1990, with minimum urban salaries falling 74% in Peru, 58% in Ecuador, and 50% in Mexico. Perhaps most telling of all, the number of Third World countries classified as “least developed countries” by the UN increased from 31 to 42 during the 1980’s.

The debt crisis and recession of the 1980s hit poor families in underdeveloped countries especially hard, particularly the children. These can be directly linked to the slowdown in the rate of decline in child mortality in several countries, including Chile and the Philippines. In countries as diverse as Brazil, Ghana, and Uruguay, infant mortality rates actually increased significantly. UNICEF stated that it is children who have paid the heaviest price for the developing world’s debts. Fragmentary evidence… has shown a picture of rising malnutrition, and in some cases rising child deaths, in some of the most heavily indebted countries of Africa and Latin America.

When we grasp the full impact of the debt crisis, such reversals are understandable. Today, many countries owe more in debt principal and interest than they earn from exports. Many spend as much as 40% of their export

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Fig. 3–6 External debt of developing countries, 1970–94.

Fig. 3–7 Third World debt as share of Gross Domestic Product, 1970–93.
earnings just to meet their interest payments. And most poor countries spend more on debt payments than they receive in new loans and foreign aid. In Sub-Saharan Africa (excluding South Africa) collectively the region’s debt amounts to $180 billion—three times the 1980 total, and 10 percent higher than its annual output of goods and services.22

As cynically as in the days of colonialism, the rich are living off the backs of the poor. US economist John Kenneth Galbraith describes the debt crisis as an “astounding process of impoverishment of the poor for the sake of further enrichment of the rich.”43

Structural Adjustment Policies:

**Rescuing the Rich at the Expense of the Poor**

They no longer use bullets and ropes. They use the World Bank and the IMF.

—Jesse Jackson

At the peak of the debt crisis, in the early 1980s the International Monetary Fund (IMF) and World Bank came to the rescue of the Northern banks. In order to prevent Third World nations from defaulting on their huge debts, the IMF and the World Bank began to offer them bail-out loans. But not without strings attached. To qualify for IMF loans, poor countries had to agree to accept austere Structural Adjustment Programs (SAPs). These programs, in brief, require debtor countries to adjust the structure of their economies to ensure that they (1) keep servicing their foreign debts and (2) comply with the requirements of the Northern market system.

The debtor nations have had little choice but to accept the dictates of the international financial institutions. Beyond the loans they make directly, these powerful institutions also serve as gatekeepers to Northern assistance. Thus, other big lenders, both private and governmental, look to the IMF and the World Bank to certify that a given Third World country is pursuing responsible (read “free market adjusted”) policies and is therefore deserving of further loans. An IMF rebuff is the kiss of death for a country’s prospects of foreign financing.45

Many progressive analysts agree that the structural adjustment policies imposed by the IMF and the World Bank are the opposite of what is needed to promote health and equity-oriented development. Instead of helping Third World governments to move beyond emergency interventions to broad social change, they force governments to drastically slash public services and assistance. As Jonathan Cahn argues in the *Harvard Human Rights Journal*:

The World Bank must be regarded as a governance institution, exercising power through its financial leverage to legislate entire legal regimens and even to alter the constitutional structure of borrowing nations. Bank-approved consultants often rewrite a country’s trade policy, fiscal policies, civil servant requirements, labor laws, health care arrangements, environmental regulations, energy policy, resettlement requirements, procurement rules, and budgetary policy.46

Components of Structural Adjustment

In general, SAPs require poor countries to redirect capital in order to continue to service their foreign debts to Northern banks. Components include:

- sharp cuts in public spending on health, education, and other social services;
- removal of subsidies and lifting of price controls on staple foods and other basic commodities;
- freezing of wages;
- a shift from production of food and goods for domestic consumption to production for export;
- liberalization of trade policies (through tariff elimination and restrictions on imports);
- efforts to attract foreign investors by providing them with incentives such as lax regulations and tax breaks;
- privatization of public services and state enterprises;
- devaluation of the local currency.
In general, SAPs require that national economies conform to the free market, private sector and foreign (Northern) business paradigm.

The World Bank argues that there is no proof that SAPs have had an adverse effect on the health and living standards of the poor, but reports from many countries testify to the contrary. The Bank claims that although poverty has worsened in most of the countries that have been subjected to structural adjustment, no one knows if their condition might have deteriorated as much or more without structural adjustment; thus, there is no basis for the charges that SAPs have hurt the poor. (This claim by the Bank is reminiscent of the tobacco industry’s insistence that there is no proof that smokers who die of cancer and heart disease wouldn’t have died even if they hadn’t smoked.) There is, however, a wealth of evidence indicating these policies have had a devastating effect on poor families, often pushing them over the brink into complete destitution.

Structural adjustment hurts the poor in a number of interrelated ways:

- By lifting price controls while freezing wages, and by devaluing the local currency, it diminishes purchasing power. This reduces the ability of the poor to buy food, health care, and other basic necessities.
- SAPs intensify economic inequities. In countries with adjustment policies, the majority of citizens have seen their real earnings cut in half, while the consumption of the wealthiest citizens has increased.47
- The social programs designed to protect the most vulnerable groups (such as food subsidies for the hungry and feeding programs for underweight babies) are being sharply scaled back as the need for them increases.
- Public health services have been severely retrenched, privatized, or subjected to user financing. This puts poor families in a no-win situation: either they forgo the health care they need in order to feed their children, or they let their children go hungry to pay for health care. Either way their children suffer.
- Gearing agriculture to production for export rather than for domestic consumption creates scarcity of local foods and drives up prices.

Given these effects, it is little wonder that the rates of child malnutrition and mortality have increased in a number of the countries that have adopted SAPs. Some experts contend that if these policies continue, it will require 30 years to attain the living standards of 25 years ago.48
Brazil provides a graphic example. With one of the world’s highest foreign debts of over $100 billion, its interest payments exceed $30 million a day. The country has had little choice but to adopt structural adjustment in exchange for further IMF loans. UNICEF reports that in Brazil “cuts in the health budget led to delays in immunizing children, with later outbreaks in communicable diseases.”

Since the late 1980s Brazil’s infant and child mortality rates have reportedly improved (according to data from UNICEF’s State of the World Children reports). The most outstanding improvements have been in the state of Ceara, which has put a good deal of investment into a primary health care initiative, complete with a network of paid community health workers. In spite of some recent gains, however, Brazil as a whole continues to have a disturbingly high child mortality rate (U5MR of 63) in view of its relatively high GNP per capita. The problem, in large part, lies in the gross inequality with which that GNP is distributed.

In Mexico, which has a debt burden and adjustment program similar to Brazil’s, minimum urban salaries fell by 50% from 1980 to 1990. In 1987 the Mexican National Institute of Nutrition reported that “80% to 90% of [Mexican] children pass through a period of early malnutrition, from which they suffer irremediable losses in mental and physical capacity.” The 1994 North American Free Trade Agreement (NAFTA) and the collapse of the peso at the end of 1994 are causing even more unemployment and hardships for the poor as wages continue to fall while prices skyrocket. (See page 147.)

Why does structural adjustment not slash military budgets instead of health and education?

The World Bank has to accept that its real instrument of torture is its insistence on growth, its economic theorizing at the expense of human welfare…

The sooner debtor nations realize the political nature of the World Bank, the sooner they will be able to face the bogus economic theories of the Bank with an equivalent weapon—people’s power.

—Ken Saro-Wiwa, Nigerian dissident and environmentalist, hanged by the Nigerian military dictatorship

The IMF and World Bank’s SAPs have targeted the so-called nonproductive (i.e., nonprofitable) sectors of national economies, such as health and education, for budget cuts. Yet, until recently, they have almost never called for cuts in military spending… even though the military budgets of Third World countries are today an average of seven times higher than they were in 1960, and in many countries the military budget is larger than the budgets of the health and education sectors combined. Clearly, such high expenditure on weaponry is not in the best interests of either the development or economic recovery of poor countries. Nor is it in the interests of children, who suffer inordinately from the ravages of armed conflict. It is, on the other hand, of great economic interest to governments and the powerful arms industry in the North. Additionally, as structural adjustment and other neo-liberal policies drive larger sectors of the population into poverty and hardship, a strong and well-armed military becomes increasingly useful for quelling riots and keeping countries stable for foreign investment. (Decisions governing cuts in military spending clearly have an ideological agenda. It is noteworthy that one of the few countries where the IMF has required reduction of military spending has been Nicaragua, where the military is still largely controlled by Sandinistas.)

In some countries, structural adjustment policies have, indeed, been associated with repression. The deep suffering they cause often sparks popular protests, which in turn frequently lead to government crackdowns. The IMF, World Bank, and USAID contribute to this social unrest by encouraging the governments of developing countries to show “resolve” in pursuing structural adjustment policies and not to relent in the face of public resistance. In practice, resolve often translates into repression.
In sum, structural adjustment mandates are fundamentally unfair. As George Kent puts it,

the rich got the loans and the poor got the debts."57 ... It is the poor countries that are called
upon to do the adjusting because they are weak and vulnerable to the pressures of the more
powerful developed countries. The structural adjustment policies of the international lending
agencies in effect blame the victims; they do not consider that it might be the structure of the
world economy itself that is in need of adjust-
ment.58

The paradigm of structural adjustment “holds that the
weak must adjust to a system governed by the strong.”59
While millions of poor people in the Third World have
suffered and died from the harsh austerity and
adjustment measures imposed by the World Bank and
IMF, the commercial banks have flourished. Between
1982—when Mexico came close to defaulting on its
debt—and the end of 1985, banking profits showed
healthy gains, and the nine largest banks increased the
dividends they paid stockholders by over a third.60 Since
then they have continued to prosper as they have made
new loans, assuring the continuation of the status quo.
According to a 1995 report by the Worldwatch Institute,
“US banks ... posted a 17 percent increase in developing-
country loans over the year ending March 1994 and a
33-percent increase since 1990.”61 David Korten writes in
When Corporations Rule the World:

If measured by contributions to improving the
lives of people or strengthening the institutions
of democratic governance, the World Bank and
the IMF have been disastrous failures —
imposing an enormous burden on the world’s
poor and seriously impeding their development.
In terms of fulfilling the mandates set for them by
their original architects—advancing economic
globalization under the domination of the
economically powerful—they both have been a
resounding success.62

The wealth, power, and global reach of many TNCs is now
so extensive that they have a strategic influence in
determining economic and development policies at both
national and international levels, and in steering policies
in ways that put corporate profit before the needs of
people and the environment. Indirectly they have strong
influence on the decisions of the World Bank, IMF, and
international trade agreements, and help to push through
the conservative growth-at-all-costs global agendas
which are exacerbating the crises of our times.
Furthermore, some TNCs, through unscrupulous
marketing practices, contribute directly to the poor health,
malnutrition, and high death rates of Third World children.
In the next chapter we look at three industries whose
practices increase child mortality from diarrhea.