Contradictions of the State in the Struggle to Improve Access and the Social Determinants of Illness

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Presenter Disclosures

The following personal financial relationships with commercial interests relevant to this presentation existed during the past 12 months:

No relationships to disclose
Learning Objectives

• Explain the contradictions of the state under advanced capitalism.
• Analyze the ways in which corporations have become powerful actors in the political and economic landscapes, and the role the state has played in this development.
• Demonstrate that meaningful conceptualization of the state must inform strategies toward a national health program and other redistributive policies that address inadequate access to services and that change the social determinants of ill health and early death.
ACKNOWLEDGMENT
Theoretical Framework

• The contradictions of the state under late capitalism:
  • pose major theoretical and strategic challenges in public health and other fields
  • especially when practitioners aim to improve conditions for underserved or otherwise oppressed people
Theoretical Framework

• Contradictions of the state under late capitalism:
  • the state's role of service to the capitalist class
  • versus the state's welfare function of service to the poor and vulnerable.
Goals of presentation

• In this presentation, we analyze these contradictions, with the goals of:
  • understanding of the state more clearly and
  • applying this understanding to the development of political strategy.
Goals of presentation

• Empirically, we explore:
  • the ways in which corporations have become powerful actors in the political and economic landscapes, and
  • the role the state has played in this development.
More on theory

• Marx and Engels:
• The state as the “executive committee of the bourgeoisie.”
More on theory

• Miliband’s representation of class divisions and the state:

• The corporate elite and the state elite stand on a par with each other at the same highest level of the social order.

• They form a partnership where state power is capable of exercising some constraints on the extraordinary freedoms of the corporate elites (Miliband 1989:33, italics in original).
More on theory

• This perspective is somewhat different from Marx’s original theory, which views the state as a subordinate to the capitalist class.

• What is important at this point is to emphasize that the state has “a unique, indispensable, and pre-eminent role in the defense of the prevailing order and the conduct of the class struggle” (Miliband 1989:13).
State intervention in the economy

• John Maynard Keynes: assigned a more influential role to the state in economic development.

• Keynesian economics was at the heart of the New Deal policies in the United States, *Import Substitution Industrialization* (ISI) in Latin America, and the welfare state in Europe.

• State management of the economy remained predominant until the 1970s (Guillen Romo 1997; Green 2003; Harvey 2005).
State intervention in the economy

- State participation in the economy, however, had posed a political threat to economic and ruling elites worldwide.

- Concretely, shared national income by the top 1 percent of income earners fell from 16 to 8 percent after WWII, remaining at such a low for three decades.

- In the 1970s the control of assets by the top 1 percent holders of wealth plunged, as asset values collapsed (Harvey 2005:15).
State intervention in the economy

• Confidential memo sent by Lewis Powell to the U.S. Chamber of Commerce in 1971, urging American business to fight back

• achievement of political power “through united actions and national organizations”

• build the ideological apparatus to change people’s perceptions about corporations, the law, culture, and the individual, leading to an ideological shift
State intervention in the economy

• 1970s-80s: What was perceived as the exhaustion of Keynesian economics – and the influential role of the state in economic matters – paved the way for such an ideological shift.

• Impact of the work and ideas of economists such as Frederick Hayek and Milton Friedman

• taken more seriously under administrations of Ronald Reagan and Margaret Thatcher
State intervention in the economy

- Successful strategy:
  - E.g., Edward Woolf:
    - Top 1% held 34.6% of all national wealth in 2007.
    - By Dec. 31, 2009 (after worst of financial crisis), they held 35.6%.
    - Meanwhile, share of national wealth held by the bottom 90% fell to 25% from 27%.
Dismantling of the “welfare state”

• Perceived exhaustion of the Keynesian policies as paving the way for the ideological shift

• Important body of literature documenting the deliberate and systematic dismantling of the public sector, and/or deliberate practices that conveyed the perception of an exhausted public system (Laurell 2001a; 2001b, Iriart et al 2001; Schuld 2003; Yeatman 1995; Alford and O’Neill 1994; White and Collyer 1998).
Dismantling of the “welfare state”

  - Systematic and total dismantling of the state apparatus and human resources to carry on its functions: public health, education, security, safety, defence, emergency evacuations, disaster relief, etc.
- Downsizing, however, has not meant smaller budgets.
  - On the contrary, budgets have ballooned because contracts are awarded with little or no competition.
- Services tend to lack quality; accountability proves challenging because contractors engage in multiple subcontracts.
- Under these circumstances, the cost of services becomes more expensive, and the bulk of the profit is made by the main contractors.
Corporations: Major beneficiaries of power restoration

• The relationship between U.S.-based global corporations and the U.S. government has been characterized by the common perception that the interests of both are substantially identical.

• The government has acted as a sales representative, aggressively promoting U.S. corporations’ interests abroad, rather than as a political negotiator.
International governance bodies

- E.g., World Health Organization’s collaborations with World Bank and International Monetary Fund
- Focus on mental health in less developed countries.
- Contributed to expansion of the market for pharmaceutical products and health insurance companies, while generally disregarding culturally-based ways of healing and patient-healer interaction.
Focus on pharmaceutical and managed care industries

- WHO, PAHO, and multinational pharmaceutical corporations have advocated enhanced screening for mental health disorders in primary care and also in the general population.

- Several new policy orientations have emerged which favor increased sales of psychotropic medications throughout the world.
Focus on pharmaceutical and managed care industries

• Revolving door phenomenon as a tool for power restoration

• Key instrument in furthering the growth of corporate power.

• Leads us to reconsider the concepts of class struggle and the role of the state in the maintenance of the dominant class's privileges.
Focus on Pharmaceutical and Managed Care Industries

- Both the pharmaceutical and managed care industries illustrate the ‘revolving door’ phenomenon.
- Elected officials and staff members of important legislative committees and administrative agencies are able to move between public sector jobs and much higher paying positions with private, regulated industries.
- About half of all the lobbyists hired by drug companies, MCOs and related interests have previously worked for the federal government.
- Many of them are former U.S. senators and representatives.
Focus on pharmaceutical and managed care industries

• Example: Medicare Part D coverage for prescription drugs

• For instance: Representative Billy Tauzin, “the bill’s point man on Capitol Hill,” left Congress to become president of the powerful drug industry lobby Pharmaceutical Research and Manufacturers of America –

• reportedly at a salary of more than $2.5 million per year.
Focus on pharmaceutical and managed care industries

- Example: Eli Lilly
- Example: G.D. Searle
Conflicts of interests, companies’ profits, and transfers from the public to the private sector

- *Texas Medication Algorithm Project (TMAP)*, created in 1995 while George W. Bush was governor of Texas

- Initiated population-based screening for mental health disorders and treatment with medications for individuals identified with such disorders

- Included guidelines which promote the use of newer, more expensive antidepressants and antipsychotic drugs, as a ‘model’ medication treatment

- Became model for relationship between federal government and pharmaceutical industry
Conflicts of interests, companies’ profits, and transfers from the public to the private sector

- Olanzapine (Zyprexa), manufactured by *Eli Lilly*, is used to treat schizophrenia.
- Became company’s top selling drug
- The TMAP recommended Zyprexa as a first line drug in the treatment of psychosis.
- Zyprexa led the way in both usage and cost at the U.S. *Department of Veteran Affairs* (VA), which reported pressure from drug-company marketers to prescribe the medication.
  - The VA’s spending on atypical antipsychotic medications increased by 70 percent from 1999 to 2001.
- State Medicaid programs
  - In 2002 Zyprexa represented the state of Kentucky’s largest single drug expense.
  - In 2002-3, New York spent more on Zyprexa than any other medication and suffered the largest Medicaid costs in the United States, $4-billion-a-year.
Theoretical progress?

- Our findings lend support to:
  - Harvey's theory of neoliberalism as a specific project to restore power to the dominant class
  - and also to Marx's conception of state power subordinated to capitalist economic power.
Conclusions

• With the weakening of the capitalist economic system, pressures for state invention will increase.

• A meaningful conceptualization of the state, including its contradictory structural position in support of the capitalist class, must inform strategies toward a national health program and other redistributive policies that:
  • address inadequate access to services and
  • change the social determinants of ill health and early death.