

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.

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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”

- Klein (2007): “hollowing out” of the 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.