

GLOBALIZATION AND THE IMPACT OF GLOBALIZATION ON THE HEALTH INDUSTRY

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Abstract

Globalization is the key challenge for public health care and primary health protection, given the links between globalization and health care, which are very complex today, the emphasis increasingly being on developing countries, in which group is also Croatia. Although there are numerous papers available on this subject, it is necessary to provide an institutional framework for the assessment of direct and indirect health impacts of various aspects of globalization.

Therefore, this paper presents a conceptual framework between health care and globalization based on the works of David Woodward and Nick Drager, with the purpose to serve as a guideline for the synthesis of existing papers in this field, as well as the search for new cognitions, which can ultimately contribute to the development of national policies on health.

When we talk about the conceptual framework, then by all means we need to pay attention to the indirect effects on health, as well as the direct impact on the population on the level of individual risk factors on health and the health care system as a whole. The paper will pay particular attention to the general objectives of the activities to optimize the health effects of economic globalization.

JEL Classification: I15, I18

Keywords: Globalization, public health, population health, health risk, conceptual framework.

1. Introduction

Good health for all people is accepted as a general objective in the field of health care in the international framework set by the World Health Organization (WHO).

It is obvious that there is inequality in health between rich and poor, while the future health prospects depend primarily on the growing relations between the globalization processes in the world. Not so long ago, we looked upon globalization, more or less, as economy processes. Today it is considered as a contemporary phenomenon that is determined by many factors and events that are rapidly changing our society. Through this paper, I will try to show an imaginary frame in which globalization significantly affects the health of the population. The imaginary frame has two functions:

1. Serves as an imaginary frame and
2. Provides the basis for the development of future scenarios in the field of health care.

Existing contemporary models relating to globalization and health are those that were developed by Woodward and his associates, and Labonte and Torgerson. Consequences which were spotted by Woodward and his associates are more critical for the health of the population and are mostly the result of economic factors. Labonte and Torgerson primarily focus on the impacts of economic globalization and international domination. In our view, paths that lead to globalization are very complex. Therefore, the conceptual framework that affects the health of the population and the consequences of the globalization process require a more holistic approach and should be the foundation for a generally extended model, which should consist of, the affect on the health of the population, as well as the process of globalization.

In the last two decades, world trade has tripled, and trade services on the level of the world economy has increased more than 14 times (UNDP, 2009, 17-19), so there has been a significant increase in the “production” of information, knowledge and new technologies. However, on a global scale, not all have the same benefits of these significant changes. Globalization under the concept of free markets has contributed more to the development of the industrial countries and the strong economies in relation to developing countries. This is best shown in the example that in the last two decades, the difference of the average GDP per capita between industrial countries and developing countries has increased 12 times, while the share of developing countries in world trade has declined from 4% to 1% (UNDP, 2009, 21).

Poor countries have difficulties in developing their national economies and seek their opportunity in international investments or commerce. The debts of these countries have significantly increased due to personal consumption and reduction of development potential. In the current conditions, the income of $\frac{1}{4}$ of the world's population has dropped significantly, and in some regions and national economies,

there appear imbalances in the economy and health. Many countries are therefore investigating the impact of globalization on the standard of living, as well as the impact on their health (Loewenson, 2001,863).

This paper will try to show the impact of globalization on the health of the population, thereby focusing on its negative effects, and recommendations for some possible solutions that will reduce the negative impacts on the populations' health inequality in our country.

2. Definition of globalization

There are various definitions relating to globalization. According to some, globalization has increased the significance of the integration of national economies in the global market through trade, investment and financial impact. Looking at it another way, this means a strong and complex global exchange of goods, services, finance, productivity and people. Banoob (2002) defines globalization as a free, comprehensive and fast movement, exchange and transfer of information, knowledge, finances, goods, services and people between national economies globally. Globalization is not just a simple phenomenon, and not just an economic process, it contains new trends in the economy, leading to significant changes in the allocations of labor, as well as reorganization and relocation of companies.

Since there is no consensus on a uniform definition of globalization, there is some consensus that globalization is a form of accelerated international economic activities that require rapid movement of information, capital, goods and services. This is a more dynamic process than a phenomenon which in itself involves and transfers many aspects of financial, technological, economic, social, cultural and geopolitical activities. This process is institutionalized in openness and the strengthening of international understanding in trade, technology and financial flow that affect the price and allocation of resources, including manpower in a way that reduces the impact of national policies (Frankel, Romer, 1999, 379-399).

Thus, globalization stems from the development of communications and international transport, sharing hereby certain rights and responsibilities. Globalization represents the trend of unfulfilled desires of human society with the aim of preventing unjust social and natural disasters. The trend of globalization in the field of health care has expanded from the impact on the individual, to the impact on the community, from the technical health care problems to social problems. The relationship between individual doctors and patients has become the relationship be-

tween physicians and the community. The relationship within the socio-economic system and a combination of social value create the health care system.

3. Characteristics of globalization

To get closer to the notion of the conceptual framework in which globalization works, we should understand the basic features of the overall process of globalization, which consists of: a new global management structure, world market, global communications and information dissemination, global mobility, cultural diversity and global changes in the environment, as follows:

- 1) The new global governance structure - globalization generally affects the independence of the sovereignty of national states adhering to the principles (needs to change) new management structures on the global level;
- 2) World markets - globalization is characterized by changes on the global level in the economic structure and a very significant impact by world markets and the global trading system;
- 3) The global communication and information dissemination - globalization greatly influences the dissemination of information and exchange of experience on all kinds of problems;
- 4) Global mobility - is significant primarily in increased extension, intensity and rate of change, as well as various types of "mobility";
- 5) The diversity of cultures - globalization significantly affects the occurrence of interactions between the elements of culture, globally, as well as at the local level, and
- 6) Global changes in the environment - global change poses a constant threat to the ecosystem, including climate changes, loss of biodiversity, global damage to the ozone layer, and a significant reduction in the natural environment.

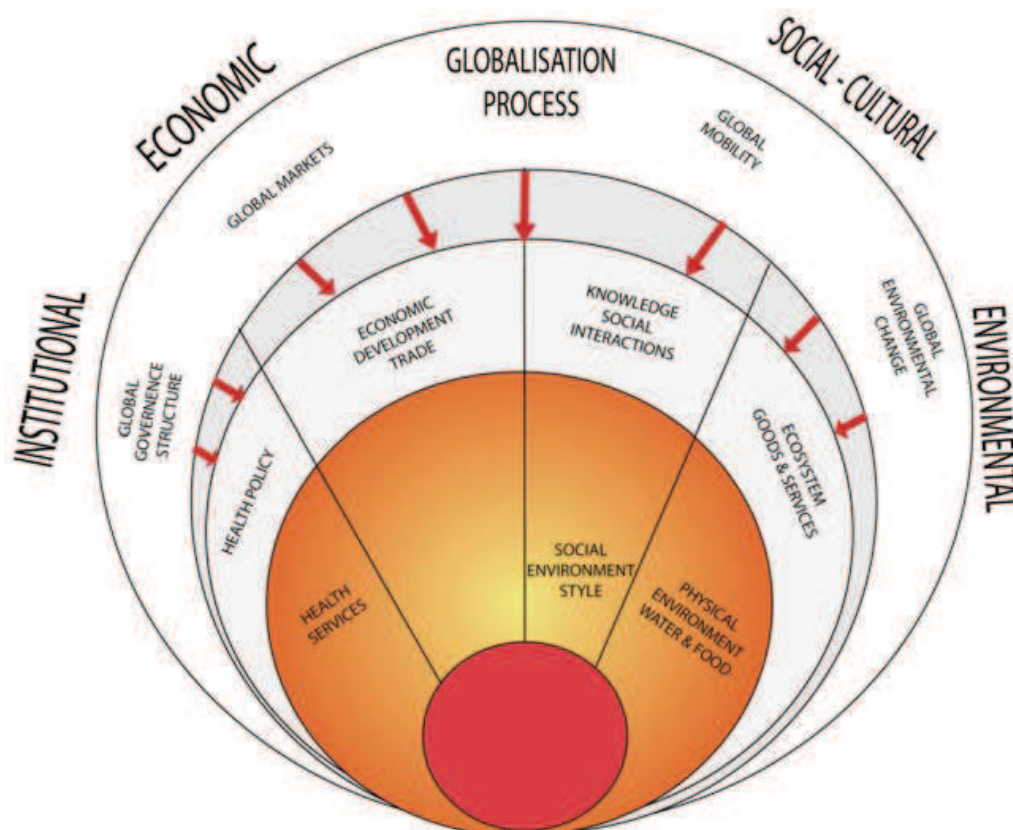
4. The conceptual model of the globalization of health care

Previously we concluded that the changes are necessary that are occurring through the process of globalization of the new management structure on the global level, the new structure of the world market, cultural diversity, global mobility, as well as changes in the environment as a very important feature of globalization. Regarding this, we can conclude that all of these features work systematically on the determinants in health care and affecting factors such as policies relating to health care, economic development, trade, social cooperation, knowledge and the

supply of the ecosystem with goods and services. Therefore, these factors affecting the changes have a significant impact on the development restrictions of health care, as well as the effects on health. In this connection is the conceptual framework of globalization defined which is closely related to the previously mentioned characteristic features of the globalization process and influences the development of health care (Dodgson, Lee, Drager, 2002, 5-27).

The following chart shows us best how these features within the system have an impact on healthcare. It is also very important to note that these features are directed towards the globalization of healthcare. That does not mean that globalization is an autonomous process: globalization has an impact on other levels, but, for simplicity's sake, are not included in the chart below. In addition, only feedback can be regarded as an institutional response. One thing is for sure, we have to bear in mind that these restrictions of certain levels work together, giving an even greater importance to this model. The display of the models follows:

Chart 1: Conceptual model of the effects of globalization on healthcare

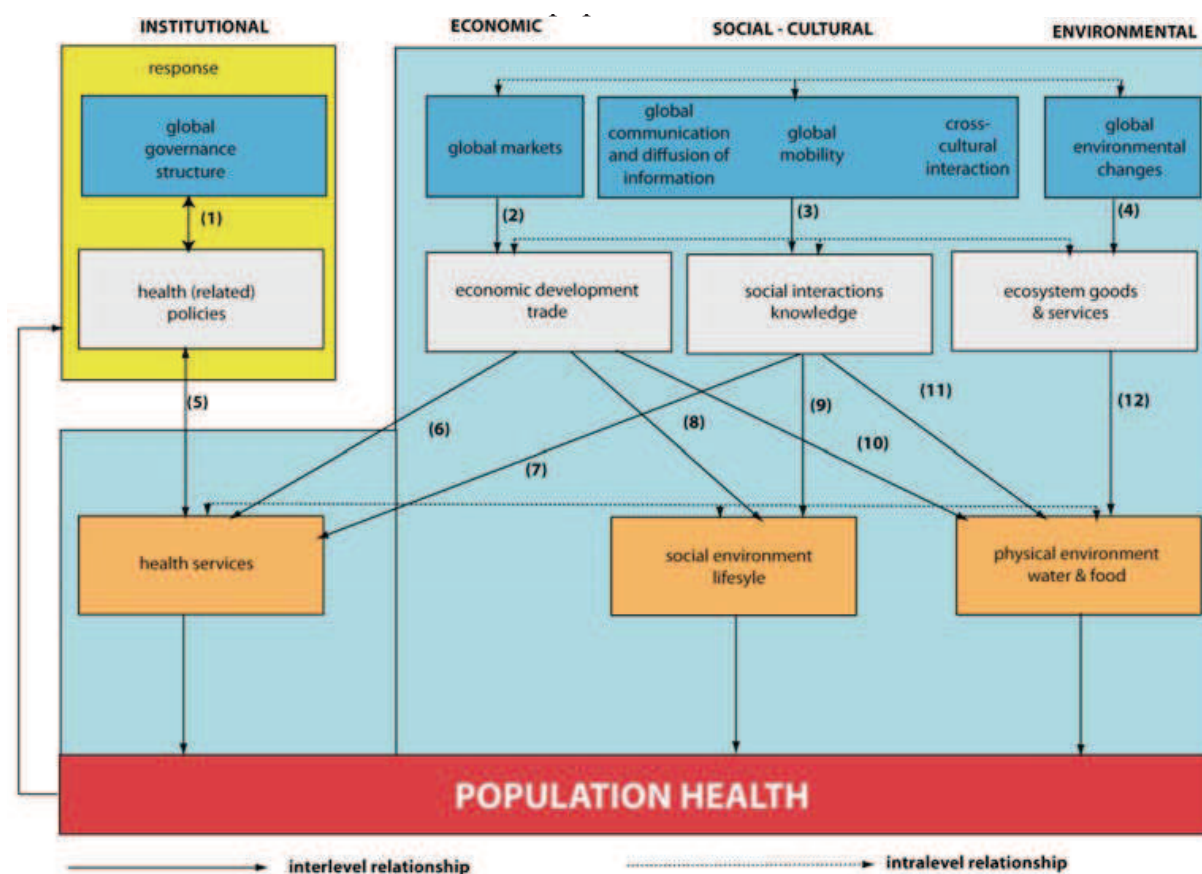


Source: Huynen, M, Martens, P, Hilderink, H. (2005), The Health Impacts of Globalisation: A Conceptual framework, Available at <http://www.globalisationandhealth.com/content/1/1/14>, p. 5.

Based on this model, the global management structure is gaining increasing importance in the formulation of health policy. According to Dodgson, the most important institutions in the area of healthcare in global terms are the World Health Organization (WHO) and World Bank (WB). WHO plays a very important role in the global scale regarding the importance of health to economic development that is aimed at achieving the “Millennium Development Goals“. The World Bank also plays a very important role that has an impact on health policy in cooperation with the International Monetary Fund (IMF) through structural adjustment programs (SAPS). To give importance to countries with low per capita income, the IMF and the WB conducted since 1999 an access Poverty Reduction Strategy (IMF, 2004, 4-18).

Another significant development momentum going in the direction of an increase in private-public partnerships in health care, since the Governments are trying to attract private companies to take over the duties and obligations for which, in previous periods, state institutions were responsible. On a global scale, public-private partnerships are increasingly being accepted as the future shape of public administration and may have significant implications on health, as well as the implementation of health policies in the global environment (Labonte, Torgerson, 2002, 3-6).

The following chart shows how globalization affects the determinants on the populations' health through policy development, knowledge and global change.

Chart 2: Globalization and the determinants on the populations' health

Source: Huynen, M, Martens, P, Hilderink, H. (2005), The Health Impacts of Globalisation: A Conceptual framework, Available at <http://www.globalisationandhealth.com/content/1/1/14>, p. 6.

In the chart above, we see that the world market should allow economic and existential growth which should insure the general health of the population in the world. This conclusion is based primarily on researches, in which was found that the reason for reduced inequality between and within countries is the process of globalization. They agree with the fact that some nations have become richer, but it is an undeniable fact that the absolute poverty has been reduced which is good for the health of the poor (McMichael, 1993,25-36). On the other hand, the „pessimists” are concerned that due to health achievements, such nations are excluded from the world market. In fact, despite of some spectacular growth rates in the 80-ies of the last century, especially in East Asian countries, per capita income in this period was reduced in almost 70 countries. Therefore, there is a legitimate concern, what will happen with these countries that do not participating in world trade?

Knowledge is becoming more valuable asset whose influence increased due to the development of global communications and global mobility.

The term “globalization of education”, is considered as the need for education in every part of the world. Because of the accessibility of new technologies, most colleges and universities in the world are able to collaborate with scientists from different countries; students are given the opportunity to study abroad and the development of “virtual camps” is taking place. Accessibility of new technologies has enabled scientists to collect and process the data without increasing the amount of time data. Scholem believes that „the ability to use a computer has become more important than the ability to read and write”.

In addition, it is important to note, that television, film and computer graphics have significantly increased the visual dimension of communication. All in all, in the future it is expected that all of the above can, to a large extent, affect the health and education of the population.

Finally we should mention that the changes in the environment can significantly affect the production of goods and the provision of services in the world. The discussion of Governments on climate change found that the expected climate change may result in significant disruption of the ecosystem and threaten the development of natural resources (forests, water, air pollution, etc.). In addition, many authors point out that it is necessary to maintain a certain level of biodiversity, in order to uninterruptedly maintain the bio-system in the world. Accordingly, we can conclude that the ecosystem needs to have a function in meeting the needs of people for food, drink, clean air, clean water, and soil, to prevent the spread of disease among the population (Pimentel, Harvey, 1995, 1117-1123). Finally, we need the ecosystem to provide medical and genetic resources, which we need to prevent the spread of disease.

5. Globalization and the populations' health

The process of globalization refers to a variety of interrelated processes. In fact, there are two primary components of globalization and can be associated to the deregulation of markets and investments. Then, the next on importance follow the globalization of technologies (ICT), and cultural globalization. It is also important to note the emergence of globalization of ethical and judicial standards, which should ensure the social and individual rights.

From the standpoint of public health, globalization has a different meaning. On the one hand, rapid economic development and advanced technology have enabled health improvement and extension of the age of the population in the world. If we look at it in short terms, new developments and the modernization of society, and various medical and public-health programs have enabled the better health of the population. On the other hand, the impact of globalization jeopardizes the health of the population through the worsening social and economic conditions, the division of labor, increasing the “gap” between rich and poor, and the rapid expansion of consumption of consumer goods (Sholte, 2005, 49-85).

Economic globalization, in fact, has long-term features that prevail in the world especially in the developed countries of the world. The processes of globalization in such a way become the main determinants of national, social and economic policies. Therefore, although the responsibility for health and public health care system remains on national governments, the fundamental social, economic and environmental determinants of health of the population exceeds national boundaries. It became clear that a combination of global liberal economic structures and national policies promote socio-economic inequality and political instability, each of which adversely affects the health of the population. Although the role of the state is moderate, the strengthening of international agencies has increased the competition for scarce global resources, and has disturbed the relations among states, local and global environment and the health of the population (Swart, Raskin, Robinson, 2004, 117-146).

One of the aspects of the growth in international trade, which has as a consequence the disturbing of relations in public health, is the escalation of the arms trade. The nature of such contemporary conflicts is that the most threatened is the civilian population, including children and women who are the most threatened. The primary health risks, if the result of the globalization of society and the environment include, are (Axford, 2013, 130-135):

- An increased “gap” in income, thus creating grounds for poverty, and are closely related to the health conditions of the poor;
- The fragmentation and weakening of the labor market as a result of the internationalization of mobile capital. This has led to job insecurity, a decrease of standards, which is a common denominator of worsening conditions for the health of workers and their families;

- The consequences of global environmental changes (including changes in the composition of the atmosphere, soil degradation, exacerbated biological diversity, the spread of “invasive” species, and the dispersion of persistent pollutants)
- Prevalence of diseases associated with smoking and the globalization of the tobacco industry;
- Diseases associated with excessive eating;
- The growth of urban obesity
- Strengthening of international narcotics trafficking, the exploitation of the urban poor class population;
- Infectious diseases that are now spreading faster due to increased traveling by the population;
- The occurrence of depression and mental health disorders in aging and socially fragmented urban population.

6. The globalization of the environment and the health of the population

The main reason for the increase in the number of companies in the world is global changes in the environment. Although these changes are not directly affected by the globalization, global environmental changes reflect the attitudes of community members towards modern market-oriented economies. Humanity now is globally disrupting life systems that have supported the stability of the environment, biological productivity, clean air and water and recycling of nutrients. It is also important to emphasize, that humanity has now gone so far as to change the composition of the atmosphere, there appears to be a lack of cultivable land, the fish stocks in almost all oceans of the world are destroyed, almost all the water supplies which were irrigating agricultural land are destroyed, and has without precedent, come to the disappearance of many living species (Woodward, Drager, Lipson, 2001, 876). It is estimated that 1/3 of the world's reserves of natural ecological resources disappeared since 1970. These above mentioned changes in the earth, basic life supporting processes, are long-term risks to the health of the population.

7. Conclusion

The process of globalization is causing a very deep and complex change in the very nature of our society, contributing to new business opportunities, but at the same time, new risks. In addition, the effects of globalization affects our increased

concern for health and sustainable development forces us to think about the right of “future generations” to a clean environment and healthy life.

Despite some empirical studies that show significant correlation between the efforts of the globalization process and the specific impact on health, the existing weaknesses in the empirical evidence are more linked to the problem of globalization and health. Mention of the conceptual framework could make a major contribution to further empirical research that should serve as a well structured model for further consideration. This clearly shows the need of interdisciplinary approach towards globalization and health, which will draw knowledge from relevant fields, such as medicine, epidemiology, sociology, political science, health, education, the science of ecology and economy.

Besides, the study of possible future impacts on health of different ways of globalization using scenario analysis could provide a useful contribution to future discussions on globalization and health. These scenarios can be described as “probable, but a simplified description of how in the future a coherent and internally consistent set of assumptions may develop about key driving forces and relationships». At the end of this study, we can conclude that this conceptual framework can provide valuable insights on how to organize complex phenomena that are involved in studying the health effects arising from the globalization process. We can say that this approach has logic and some useful features. Firstly, through it is embedded a holistic approach towards globalization, since we experience globalization as a comprehensive process in which multiple processes simultaneously take place in different areas of activity.

Furthermore, this conceptual framework creates a holistic approach to the health of the population. As a result, it is evident that globalization affects the institutional, economic, socio-cultural and ecological determinants of population health. Besides, the globalization process mainly operates on the contextual level, while the impact on health is more like a distal and proximal determinant.

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