

# Dying for economic growth: the story of mismatched solutions

Sam Agatre Okuonzi gives his opinion on the experience of the past 40 years with the free market and its effect on developing countries

Growth is the goal and product of capitalism. Capitalism is investing capital (money) to generate profit. Conceived to take advantage of human greed, capitalism was first elaborated by Adam Smith in 1776 in his book, *The Wealth of Nations*.<sup>1</sup> He argued that the human urge to increase private profits from capital is the basis for the collective wealth of a nation. This idea has become the single most revolutionary phenomenon in human history to-date.<sup>3</sup> Smith concluded that when a person becomes rich, his wealth benefits everybody else. That is, egoism is altruism; an individual's greed is good for all, he argued. Unlike previous notions, Smith taught that the economy need not be one-wins-all but win-win. The creed has led to the concept of 'continuous economic growth' as being essential for human survival and livelihood.

## New capitalism

The old capitalism of the 1770s, also called classical capitalism, was largely confined to merchants and trading companies. But from the 1930s, a new social movement emerged in Europe and America, a movement labelled humanism.<sup>4</sup> In humanism, the uniqueness of human beings became the most important thing in the world.<sup>5</sup> This uniqueness determines the meaning to man of everything that happens in the universe. The supreme good is for human beings. The rest of the world exists solely for the benefit of humans. The most impactful sect today is liberal humanism (or simply liberalism). In liberal humanism, the liberty of the individual is sacrosanct.

Today, the liberal humanism package consists of 1) individualism, 2) human rights, 3) democracy, and 4) a free-market.<sup>6</sup> The free-market economic system is the new capitalism, also known as neo-classical capitalism. The free-market thrives on economic growth and has five essential elements: 1) leave private investors unencumbered, 2) reduce taxes and the cost of doing business, 3) allow market forces a free reign (de-regulate), 4) keep politics out of the economy (keep government out of business), and 5) roll back the size and role of government (by privatisation of enterprises and services). In the past 40 years, the global institutions such as the World Bank and European Union have pegged their aid to poor countries on conditions that can be summarised as liberalisation, deregulation, privatisation and a small government, to achieve economic growth.

## Perils of free-market driven growth

Many have argued that there is no alternative to the

---

Dr Sam Agatre Okuonzi is an Independent Consultant / Chairperson Board of Arua Regional Referral Hospital

free-market economic system. Within the system, innovation for better and more efficient use of resources can be achieved. Hence, international development is still firmly structured around the free-market concept. The vision for the market-based development is to have a globally integrated free-market system, with no trade barriers, using market-enabling institutions to spread wealth around the world. That the finance, labour, technology and governance systems should all be integrated globally. The hope is that there will be economic growth around the world, reduction in poverty, achievement of international equity and reduction in conflict.<sup>7</sup> But the reverse is happening.

The bullish pursuit of economic growth has had severe social consequences. The rising number of people with no income or who are jobless or have been deprived of social services such as health care, has sharply increased globally.<sup>8</sup> This is causing social disharmony, mass migration and terrorism. The market-driven global economy pays little attention to the rapid population growth. Food supply will increase but will not be met by the food production capacity. It is projected that by 2050, there will still be a billion people unable to get adequate food.

The untrammelled free market has led to uncontrolled use of resources and the resource-wasting opulent lifestyles of those with access to resources.<sup>9</sup> In addition, the human impact on the atmosphere, land and water is huge. This is caused by toxic industrial and domestic chemicals, loss of species due to degradation of ecosystems, and by the emission of carbon-dioxide, a green-house gas, as an industrial waste, bringing about adverse climate change. This undermines global climate stability, further risking ecological and human health. Increasing inequity has given rise to social polarisation, terrorism and conflicts.

## Mismatched solutions

In the mid-1980s, Uganda emerged from a protracted civil war, under the current government. A health policy review commission proposed key solutions to Uganda's devastated health system, basically to rehabilitate health infrastructure destroyed during the wars, and to revitalise primary health care.<sup>10</sup> A 10-year health plan 1990-2000 developed by the ministry of health based on these recommendations included the expansion health care infrastructure to match the population, decentralisation of health care funds, inter-sectoral integration and coordination, regulation of the private sector, integration of complementary medicine and alternative financing methods.

But before this plan could be implemented, the World Bank stepped in and overruled this plan. The bank proposed a new plan that would 'support economic-growth'. This pro-growth plan consisted of: a) Reduction of health



*Top-down development? The newly constructed Nile bridge in Uganda*

expenditure, b) applying user-fees in health care, c) privatizing health care, d) sticking to disease prevention as public good, e) having no expansion of health care infrastructure, and f) limiting health services to a 'basic' package.

Since the 1990s, this has become the blue print for health planning in Uganda and the basis of reforms. While some progress has been made in immunisation and child health, it is a widely accepted fact the availability and quality of curative care has drastically declined in Uganda due to lack or inadequacy of drugs, staff and equipment, courtesy of a ceiling of expenditure on health care.

### The fallacy of economic growth

Our age has been described as an age of anger.<sup>1</sup> This anger is the popular backlash and rejection inhuman economic growth. People do not see the realities of their lives in rosy pictures portrayed by official statistics of economic growth or GDP. Instead, people see around them rising inequality, commercialised politics, absence of community, unaffordable food and housing, helplessness and loss of identity. David Pilling<sup>1</sup> says that 'growth was a good invention but now we can get over it'; that the economy is not real, it is in the imagination. We can as well restructure GDP to be replaced by human well-being, through a proxy measure such as Human Development Index (HDI) or Happiness Index.

### Growth and development

Fortunately, there is now a growing body of empirical evidence to show that the logic of economic growth primacy based free-market capitalism and GDP are false. It is clear that growth is not development. Development is human progress. In Layard's World Values Surveys,<sup>1</sup> human progress can be explained and measured by six common indices. These are: income (per capita), healthy life expectancy, social support (people to turn to), trust (absence of corruption), freedom (individuals are free to make decisions), and generosity (the propensity of a community to

share with others). Other communities could have more. For example Bhutan, regarded as the happiest country on earth has in addition family relations, friends, work, the use of time, education, culture, good governance, ecological diversity, community vitality, and living standards. Each country has to define its own priority values to be the basis of its development. In each of these values, health and health care always feature high.

### Conclusion

The experience we have had over the past 40 years with the free market and economic-growth led development has been of that of social devastation, especially of people in poor countries. The emerging lesson is that 'don't allow people to serve an economic system, which is merely a vehicle. But let the economic system serve the people'. It is therefore important for leaders today to design new global and national economic and governance systems. They need to debunk the supremacy of economic growth based on GDP, and replace it with people's wellbeing.

### References

- 1 Pilling D 2018 *The Growth Delusion: Wealth, Poverty, and the Well-being of Nations* Penguin House, New York
- 2 Layard cites research from Robert Sampson and Byron Groves of Harvard University, 'Community structure and Crime (1989)' [dash.harvard.edu](http://dash.harvard.edu)
- 3 Harari Y N 2011 *Sapiens: A brief history of humankind* Vintage Books London
- 4 Sellars RW, Bragg T (1933) *Humanist Manifesto*.
- 5 Harari Y N 2016 *Homo Deus: A brief history of tomorrow*. Vintage, London, UK
- 6 Okuonzi S.A. 2004 'Dying for Economic Growth? Evidence of a flawed economic policy in Uganda' *The Lancet* 2004; Vol 364 October 30, 2004
- 7 Collier P 2019 *The future of capitalism: facing the new anxieties*. Harper London, UK
- 8 Stiglitz J 2019 *People, power and profits: progressive capitalism for an age of discontent* W W Norton, NY, US
- 9 Shutt H (1998) *The trouble with capitalism: An enquiry into the causes of global economic failure*. Zed Books, London & New York
- 10 Okuonzi S A, Macrea J. 1995 *Whose policy is it anyway? International and national influences on health policy development in Uganda*. *Health Policy Plan*; 10: 122-32.