

# Privatization and the Pandemic

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Unlike other epidemics or pandemics – such as tuberculosis, SARS, MERS or HIV/AIDS – COVID-19 has hit hardest at the world's wealthiest countries. As of early June 2020, the 37 industrialized countries of the OECD accounted for 59% of all cases and 78% of deaths, even though they constitute less than 18% of the total population affected.

Looking at the pandemic's effects in another way – using cases and deaths per million population – paints an even starker picture. OECD countries have a prevalence ratio of 2,890 cases per million and a mortality rate of 225 per million, compared with 869 cases and 51 deaths per million in the rest of the world. Furthermore, the case fatality ratio (CFR) – the ratio of deaths to cases – is also higher in the OECD (7.8%) than in the rest of the world (5.9%).

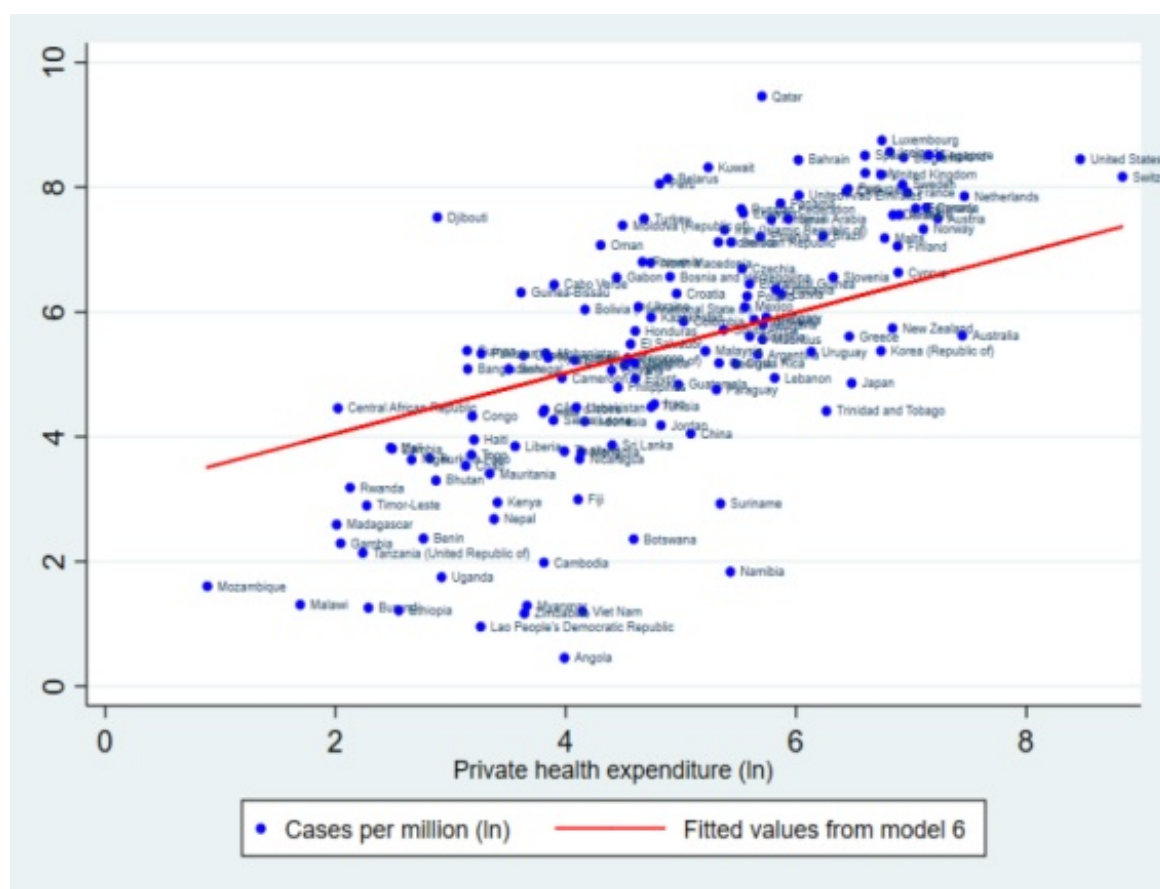
What can explain this phenomenon, the world's richest countries impacted more than middle-income and poor countries? One explanation is that COVID-19 spreads faster in countries that are more integrated to the globalized economy, as the OECD members certainly are. A recent [study](#) found that globalized countries have indeed experienced more cases per population, but less mortality.

We find this explanation incomplete. First, the extent of a country's globalization may be masking other factors. And second, some of the most globalized countries have lower COVID-19 prevalence and mortality than countries more integrated into the global economy. For example, Germany has a higher KOF globalization index than the United states, but the latter has more than double the prevalence and mortality rates. Likewise, the UK is more globalized than Spain, but Spain has fared worse in cases per one million people.

Country	KOF Globalization Index	COVID-19 Cases per Million	COVID-19 Deaths per Million
United Kingdom	90.0	4,229	599
Germany	88.7	2,240	105
Spain	85.8	5,187	584
United States	82.5	5,704	329

Clearly something else is at play. One possible reason for the virus's differential impact on countries is the relative structure of their health systems. In fact, a 2015 study of tuberculosis (TB) rates in 99 countries found that cuts in public spending on healthcare and the privatization of the health sector were related to higher prevalence of TB. This was set against decades of privatization of health-care systems in developing countries, often encouraged by the World Bank and IMF.

We ran several regression models for both COVID-19 prevalence – cases per million people – and mortality – deaths per million, and in each case the extent of private expenditure on health care had a large and positive relationship with the impact of the pandemic (see our full paper [here](#)).





While the most urgent task is coping with the pandemic at hand, it is not likely to be the last or even worst. Recent research has linked the emergence of zoonotic diseases such as COVID-19 to increased pressure from human economies on nature, leading to declines in wildlife populations and thus a higher risk of animal-to-human transmission of such diseases. With this in mind, policy-makers need to urgently re-evaluate neoliberal policies such as privatization and commercialization of healthcare systems, if these are to become sustainable in the long-run.

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