# Understanding privatisation's impacts on health: lessons from the soviet experience

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## LETTER

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If privatisation ever had a significant impact on health, it would show up in the former Soviet Union. Compare Margaret Thatcher the "Great Privatiser", who privatized roughly 30 state-owned companies during her 11-year tenure, to Boris Yeltsin's regime, which under the guidance of Jeffrey Sachs and World Bank economists,[1–3] privatised over 15 000 large state-owned companies in less than 2 years. Such an episode of privatisation as that seen in Russia during the early- to mid-90s remains unparalleled in both its scale and its scope.[4]

Not all former Soviet countries took such a radical approach to privatisation. Many opted for a more gradual style that resembles that seen in China today. Creating capitalism out of communism, it was argued, could not be achieved with one "big-bang" dose of privatisation — a strategy commonly referred to as "shock therapy". Figure 1 compares life expectancy in countries that privatised 25% of their state-owned enterprise assets within 2 years versus those that proceeded more slowly. It appears that countries that implemented greater and faster privatisation fared much worse.

How does this case study relates to Egan and colleagues' meta-analysis of the impacts of privatisation on health (*J Epidemiol Community Health* 2007;**61**:862–70). First, it suggests that their systematic review has overlooked literature on the single largest case of privatisation in history and its links to the worst peacetime mortality crisis of the past century.[5–7] To exclude former Soviet countries is to rule out lessons for privatisation in developing countries—precisely where the greatest emphasis on privatisation is today. Second, their evaluation does not consider how the transfer of enterprise ownership to the private sector takes place, whether via cash/voucher schemes, auctions, or give-aways to firm insiders. Identifying the privatisation mechanism is critical for understanding who wins and who loses, whose health suffers and whose health improves. For example, employee ownership share programmes could be expected to empower employees and harmonise their interests with enterprise growth rather than increase stress and anxiety relating to the fear of dislocation.[8] Lastly, the exclusive focus on health outcomes misses several of the broader community impacts of privatisation on cohesion, health and well-being: for example, privatisation risks (i) increasing social inequalities by concentrating wealth,[9] (ii) increasing community distrust and perceptions of unfairness,[10] (iii) disrupting access to essential services,[11 12] (iv) eroding community stability and relationships of workers to their work and to each other[13] and (v) undermining the states' revenue base required for providing robust health systems.[14]

The authors rightly point out that there remains a critical need to strengthen the evidence base on privatisation's effects on health; however, in the future this should not just focus on developed but also on developing countries and in particular on the post-communist world since many of the same privatisation policies are on the table for countries just beginning to liberalise their massive state-owned sectors, including India and China. Although we applaud Egan and colleagues for raising important issues surrounding privatisation's impact on occupational safety, their analysis neglects some of the key privatisation debates and as a result overlooks some of the key health impacts of privatisation.

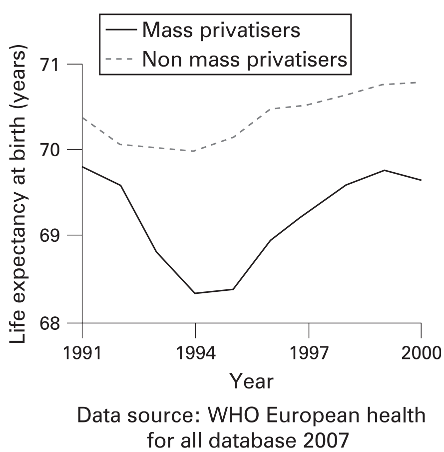


**Figure 1** Mass privatisation and life expectancy in post-communist countries, 1991–2003. Note, mass privatisation is defined as a programme that transferred the ownership of at least 25% of large-state owned enterprises to the private sector in a 2-year period by selling them with citizen vouchers and giveaways to firm insiders.[12] Countries which implemented mass privatisation include Armenia, Czech Republic, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Romania, Russia and Ukraine. Non-mass privatizers include Albania, Azerbaijan, Belarus, Croatia, Estonia, Hungary, Macedonia, Poland, Slovakia, Slovenia, Tajikistan, Turkmenistan and Uzbekistan.

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