

## **ABSTRACT**

It has been argued that the international community is moving ‘beyond aid’. International co-financing in the international collective interest is expected to replace altruistically motivated foreign aid. The World Health Organization promotes ‘universal health coverage’ as the overarching health goal for the next phase of the Millennium Development Goals. In order to provide a basic level of health care coverage, at least some countries will need foreign aid for decades to come. If international co-financing of global public goods is replacing foreign aid, is universal health coverage a hopeless endeavor? Or would universal health coverage somehow serve the international collective interest?

Using the Sustainable Development Solutions Network proposal to finance universal health coverage as a test case, we examined the hypothesis that national social policies face the threat of a ‘race to the bottom’ due to global economic integration and that this threat could be mitigated through international social protection policies that include international cross-subsidies – a kind of ‘equalization’ at the international level.

The evidence for the race to the bottom theory is inconclusive. We seem to be witnessing a ‘convergence to the middle’. However, the ‘middle’ where ‘convergence’ of national social policies is likely to occur may not be high enough to keep income inequality in check.

The implementation of the international equalization scheme proposed by the Sustainable Development Solutions Network would allow to ensure universal health coverage at a cost of US\$55 in low income countries-the minimum cost estimated by the World Health Organization. The domestic efforts expected from low and middle countries are far more substantial than the international co-financing efforts expected from high income countries. This would contribute to ‘convergence’ of national social policies at a higher level. We therefore submit that the proposed international equalization scheme should not be considered as foreign aid, but rather as an international collective effort to protect and promote national social policy in times of global economic integration: thus serving the international collective interest.

