

A1 | THE HEALTH CRISES OF NEOLIBERAL GLOBALIZATION

Introduction

The global economy has had a turbulent time over the past six years, creating greater inequities in health and in its social determinants. The Great Financial Crisis (GFC) began in 2007 and had deepened by 2008, sparking unprecedented public bailouts and stimulus spending by many of the world's richest and most powerful governments. This impressively rapid mobilization of public money forestalled a Great Depression but not a Great Recession (Box A1.1) from which much of the world has yet to recover. This period of powerful state intervention into the market economy, however, was very brief, and was quickly followed by the 'austerity agenda' adopted in most of the world's countries. Austerity was argued as being essential for reducing government debt, much of which was caused by the unregulated greed of global financial institutions that necessitated costly public rescues. Many are now questioning not only the health costs of austerity, but also its economic necessity. As the director-general of UNCTAD complained in that agency's 2011 report: 'Those who support fiscal tightening argue that it is indispensable for restoring the confidence of financial markets, which is perceived as key to economic recovery. This is despite the almost universal recognition that the crisis was the result of financial market failure in the first place' (UNCTAD 2011).

This recent tumultuous period is foreshadowed by a forty-year-old uncontrolled experiment in neoliberal globalization. The past forty years have seen a particular ideology, neoliberalism, dominate the norms or rules by which globalization has expanded. There are differing definitions of neoliberalism, but they distil to the same thing: a belief that free markets, sovereign individuals, free trade, strong property rights and minimal government interference are

Box A1.1 Depression or recession?

There is no standard agreement on the difference between a depression and a recession, apart from the fact that a depression has a longer and more severe contraction in economic activity (usually measured by a decline in GDP approaching 10 per cent), usually accompanied by a sharp rise in unemployment rates.

the best recipe for enhancing human well-being. This belief, an extension of classical economic and political liberalism, was first promulgated by the Austrian economist Friedrich von Hayek in the 1940s. Hayek argued that the economy is too complex for governments to regulate, so markets should be allowed to regulate themselves through the ‘rational’ choices of hundreds of millions of individual producers and consumers. Two other economists of the same era, collaborators of John Maynard Keynes, expressed this somewhat differently as a belief that ‘the nastiest of men for the nastiest of motives will somehow work for the benefit of all’ (Robinson and Guillebaud 1941). The late Scottish-Australian health economist Gavin Mooney wrote in his last book: ‘The best outcome in terms of bringing about real change would be to see an end to neo-liberalism. So many of the problems that beset societies today and their populations’ health can be placed at its door ...’ (Mooney 2012).

This chapter takes up Mooney’s argument, and examines how and why neoliberal globalization has produced a global health crisis. It traces its forty-year history, describes three phases of neoliberalism (structural adjustment, financialization, and austerity), and examines how these phases have affected health. It then looks at oppositional or countervailing forces to neoliberalism’s orthodoxy, and discusses a number of policy options and political strategies that public health activists might support or pursue to make globalization work for, or at least not against, greater equity in ‘health for all’.

From Neoliberalism 1.0 to Neoliberalism 3.0: an abbreviated history

Neoliberalism 1.0: structural adjustment Although neoliberalism’s key tenets were defined by Hayek before the Second World War, Keynesian economics, with its emphasis on state intervention and regulation of private markets, held sway during the post-war reconstruction period and throughout much of the following three decades. The Cold War and the bipolar world provided decolonizing countries with options to experiment with mixed economies and with assigning a strong role for the state in economic planning and management. Neoliberalism’s dominance in political and economic decision-making began to emerge only in the early 1970s. This was a decade marked by an increasing pace of economic recessions, oil embargoes and oil-price shocks that quadrupled the cost of capitalism’s crude energy source. To help write off its Vietnam War debts and to stimulate its domestic economy, the USA in 1971 permanently unpegged the US dollar from the gold standard. This set financial exchanges adrift, allowing money to be made through currency speculation and entrenching the US dollar as the world’s ‘reserve currency’ held by the central banks of governments and other financial institutions ‘in reserve’ as a means of paying off international debt obligations and of stabilizing the value of their own currency when needed. Two years later, the 1973 military coup in Chile gave the neoliberal economic disciples of Hayek and Milton Friedman their first experimental laboratory. In quick succession, Britain’s



Image A1.1 Children at a garbage dump in Rio: global poverty and inequality have risen (Camila Giugliani)

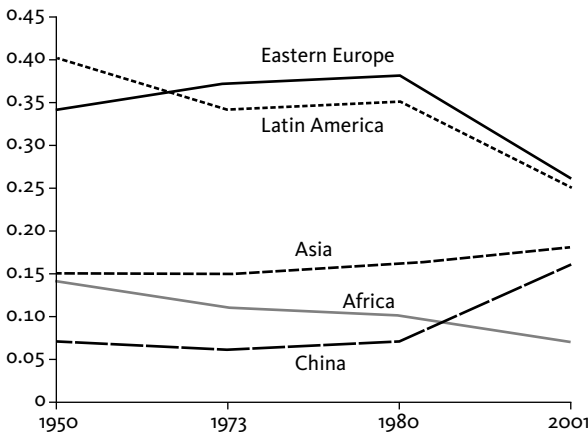
Margaret Thatcher, the USA's Ronald Reagan and Germany's Helmut Kohl joined Chile's Augusto Pinochet in ushering in neoliberalism 1.0. Although not yet a globally dominant discourse, the key tenet of Neoliberalism 1.0 was a belief that any form of state enterprise or service provision was 'second best' to private markets.

THE RISE OF NEOLIBERALISM 1.0 Neoliberalism 1.0 began its rapid ascent during the 1980s. This decade brought us the developing-world debt crisis, a result of oil-price shocks that had led many developing countries to borrow heavily to continue their post-colonial path to industrialization. First World banks flush with new 'petrodollars' lent indiscriminately, often to governments that were known or suspected to engage in corruption or misappropriation. Developing-world debt worsened dramatically when US-led monetary policy to control inflation led to huge increases in interest rates, rising from 11 per cent in 1979 to over 20 per cent in 1981. As the international debts of developing countries became due for refinancing, the super-high interest rates caused debt-servicing costs to skyrocket and debt loads to accelerate. Fearing sovereign defaults by heavily indebted countries (threatened first by Mexico) and an ensuing international financial crisis, the World Bank and the International Monetary Fund (IMF) stepped in with emergency loans and

grants to keep the worst-affected nations afloat. Countries accepting these loans had to agree to several ‘structural adjustment’ conditionalities that embodied neoliberal economic principles, later codified as the ‘Washington Consensus’, named after the location of the head offices of the World Bank and the IMF. These conditionalities included:

- Privatization of state assets, in part to help governments pay off international loans;
- Deregulation, to enable rapid private-sector-led economic growth;
- Tax reform to attract foreign investment through lower corporate and marginal rates, or tax holidays, for foreign investments;
- Public deficit (the shortfall between revenues and expenditures in any single fiscal year) and debt (the total accumulated amount owed to creditors), in part to help governments pay off international loans; and
- Rapid liberalization of trade and financial markets on the theory that liberalization leads to economic growth (which it does sometimes but not always).

The health and social policy consequences of Neoliberalism 1.0 have been well documented, notably in Africa and Latin America, the two regions most affected by international debt obligations and most constrained by World Bank and IMF emergency loan conditionalities (Breman and Shelton 2001; SAPRIN 2004). These regions not only failed to grow economically (Figure A1.1), they also experienced severe retrenchments in public spending, upheavals in their domestic labour markets, and increased wealth inequalities within their borders. Central to structural adjustment was a reduction in social protection spending by governments, which subsequent analyses found to be the main cause of increases in poverty and inequality in the affected countries (UN Habitat 2003). Since poverty and inequality are the two greatest risk conditions for preventable disease, it is not surprising that structural adjustment led to



A1.1 GDP per capita in developing regions relative to that in the developed world, 1950–2001 (source: UN DESA 2006)



Image A1.2 Protests against the WTO at a G20 meeting in Paris in 2011 (Magali Delporte/ ActionAid)

a slowdown or reversal of health gains, particularly affecting the poor, rural populations, women and children (SAPRIN 2004).

NEOLIBERALISM I.O AND THE ‘FREE TRADE’ AGENDA While structural adjustment was bringing many of the world’s developing countries into alignment with neoliberal orthodoxy, negotiations on trade liberalization with high-income countries were doing much the same. The General Agreement on Tariffs and Trade (GATT) was originally a post-war mechanism for voluntary tariff reductions among wealthy countries, partly intended to decrease the risk of future world wars. Earlier periods of economic recession, followed by nationalist protectionism, including extremely high tariff barriers to imports, are considered part of the political and economic contexts that had led to the First and Second World Wars. Deeply entwining the economic fortunes of countries through trade (and later investment), liberalization is thought to act as a disincentive to war, since war would go against the interests of most economic elites. GATT negotiations, however, slowly deepened and expanded their purview, bringing more of the world’s nations into the negotiating orbit and extending legally binding liberalization commitments beyond simply tariff barriers to encompass trade. The birth of the World Trade Organization (WTO) in 1995 introduced a much larger set of trade treaties, many of which went well beyond eliminating tariff barriers to incorporate extensive ‘trade-related’ domestic regulations, thereby reducing national space for policy-making (Lee

2006; Bond 2008; Koivusalo et al. 2008). Neoliberalism 1.0 began to transform the post-war mixed-economy welfare ('well/fair') state into the globalizing competitive state, with nations vying with each other to attract increasingly footloose capital (investment) and to enter or conquer new economic markets.

Neoliberalism 2.0: financialization

THE 'TRIUMPH' OF GLOBAL CAPITALISM Throughout this period, there were efforts by the global South to create a fairer 'new international economic order' to compensate for the wrongs of colonialism and foreign economic domination. A declaration on the new international economic order was actually endorsed by the United Nations in 1974, but then soon forgotten as neoliberal economics began its push to dominance. There were also exceptions to the general trend, with some regions of the world (notably such South-East Asian countries as Thailand, Malaysia, Singapore, Hong Kong, Taiwan and South Korea) not following the neoliberal path and performing economically much better over this period (Shin and Chang 2005). The erosion of national capitalisms with the deepening of internationalized trade and financial markets and the collapse of the Soviet Union, however, gradually entrenched Neoliberalism 1.0 while introducing us to Neoliberalism 2.0: the financialization of the economy.

Capitalism's inherent tendency towards a cyclical crisis of overproduction and under-consumption, leading to a declining rate of profits, accelerated in the 1970s. This led to a process of what Patrick Bond (2008) called 'shifting and displacing'. To boost their profit rates, corporations lowered their production costs by increasing the use of labour-saving technology and by outsourcing production to low-cost countries, and opened up new markets (by expanding the breadth and scope of trade treaties that lowered tariff and non-tariff barriers to goods and investment). Meanwhile, investors increased rapidly the financialization of the economy, made possible through new digital technologies, ideologically driven bank deregulation in the USA and the UK, and removal of capital controls that allowed rapid inflow and outflow of 'hot money' across borders. The global economy continued to grow during this period, but at a slower rate than in the 1960s (World Bank 2005). It was also far from stable, lurching from one regional recession or financial crisis to another (Cornia et al. 2008). The harmful effects on health of these episodic meltdowns caused by speculative capital flows were experienced first and most severely by those who were most vulnerable and least responsible for the genesis of these effects: women, children, the rural poor (Floro and Dymiski 2000; Parrado and Zenteno 2001). The GFC of 2008 is the still-evolving outcome of Neoliberalism 2.0, a crisis whose inevitability was predicted by many heterodox (non-neoliberal) economists at least a decade before it occurred (Devarakonda 2012).

CAUSES OF THE GFC The immediate causes of the GFC are now fairly well known (see also GHW3, ch. A.1, www.ghwatch.org/sites/www.ghwatch.org/

files/A1.pdf). Corporate outsourcing led to large investment flows to low-wage countries. Despite China's efforts to retool its economy to increase domestic consumption (a response to the GFC's shrinking of its main export markets), its still-dominant 'factories for the world' continue to be fuelled by foreign investment, which accounts for over half of its exports and imports (World Bank 2010). Export-oriented developing countries (and especially China) accumulated huge amounts of foreign capital and banked this in low-interest-paying US treasury bills (the 'reserve currency'), while also having to borrow for short-term purposes on international markets at much higher interest rates. As a result of the interest-rate spread, developing countries by 2008 had transferred almost US\$900 billion more annually to the USA and to other wealthy countries than they received in foreign investments or in foreign aid (UN DESA 2010). Investment banks and institutions in the rich world leveraged much of this new capital to bet on currencies, stocks and real estate, discovering that it was easier and faster to make money from money than lending it to the 'real economy' of production and consumption upon which most people rely for their livelihoods (Wade 2009). The USA and the UK were the two heavyweights when it came to staking their economic future on such financialization. 'Sub-prime' lending by banks led to the US housing bubble which helped the debt-financed consumption of cheap Chinese goods by that country's declining (outsourced) industrial working and middle classes. Imprudent loans that led to the real estate bubble in the south of Europe did much the same for the Eurozone.

The scale of this financialization is almost hard to imagine – the value of outstanding derivatives in 2011 exceeding US\$700 trillion, or more than ten times the total value of the world's GDP (Figure A1.2) (see Box A1.2).

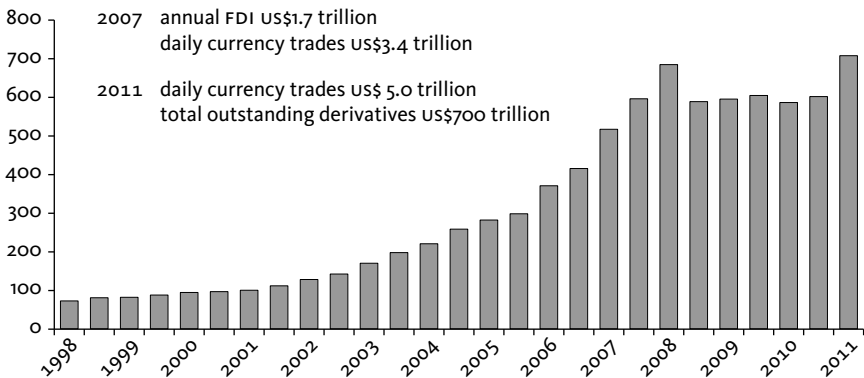
This represents an increase of over US\$100 trillion in the six-month post-financial crisis period between 31 December 2010 and 30 June 2011, illustrating

Box A1.2 What is a derivative?

A derivative, as its name implies, is a financial contract whose value derives from the performance of another 'underlying' entity, such as an asset (e.g. gold or other commodity), an index (related to stocks or bonds), interest rates and currency exchange rates. Derivatives can be futures (betting on a future price going up or down), options (to buy or sell a derivative at an agreed price during an agreed period of time), and swaps (exchanging different derivatives). Derivatives can be exchange-traded (on public financial exchanges) or 'over-the-counter' (private agreements between financial speculators). Over-the-counter trades, because they are less transparent, are sometimes referred to as the 'shadow banking system'.

Box A1.3 Gambling in the casino of capitalism

Investor gambling with stocks and bonds or with other forms of derivatives is not new. Indeed, the 1600s witnessed a ‘tulip mania’ in the Netherlands, where widespread speculation led to the shooting up in the value of some tulip bulbs to more than ten times the average annual wage before the entire market collapsed, as all bubbles eventually do. Stock market gambling in the 1920s drove up the price of shares well beyond their relationship to their underlying value in the ‘production and consumption’ economy, precipitating the 1929 Wall Street Crash and the Great Depression. It also led to US legislation separating commercial banking (where people and firms make deposits and draw loans) from investment banking (where bankers leverage the value of their deposits and loans to ‘play the markets’). The repeal of this 1933 legislation called the Glass-Steagall Act in 1999 is considered one of the precipitants of the GFC of 2008. What also distinguishes our more recent era of speculation is digital technology and financial market liberalization. The former allows instantaneous trades (most of the trades on many of the world’s exchanges are now made by computers programmed to maximize short-term speculative capital gains) and new derivative instruments (increasing the gambling options almost exponentially). The latter allows for the free flow of capital and portfolio (speculative) investments in and out of countries, chasing short-term returns. For most economists, this is considered a recipe for chronic financial market instability, while for many countries experiencing the in- and outflows of ‘hot money’, it is a risk to their domestic economic security.



A1.2 Total over-the-counter outstanding derivatives (in US\$ trillions) (source: Zero Hedge 2011)

that what Susan George calls ‘casino capitalism’ (George 2008) and what David Korten (Korten 2001) describes as the ‘funny money’ game is far from being played out (Box A1.3).

To set the scale of this economic financialization in recent context: in 1980, the total value of *all* financial assets in the world was roughly equal to that of the world’s GDP. In 2007, the total *annual* amount of foreign direct investment (FDI) that went into this real economy was US\$1.7 trillion, a substantial amount but paltry when compared to the *daily* amount of currency exchanges in 2007 of US\$3.4 trillion. In late 2011, and despite the GFC, this daily arbitrage clocked in at almost US\$5 trillion (Bech 2012).

TRANSFERRING PUBLIC WEALTH TO CORPORATIONS The real toxicity of the financialized economy came in the form of ‘asset backed commercial papers’ (ABCPs), which bundled mortgage loans (debts) – many of them sub-prime and doomed to default – and aggressively sold them as sound investments. ABCPs allowed banks engaged in reckless lending practices to high-risk borrowers in an inflated housing market to offload their financial risks to others. Individuals, pension funds and other banks around the world bought into this scheme, partly on the strong endorsements of ABCPs by bond-rating agencies and by banks and their brokers selling them. This ‘banking on bubbles’



Image A1.3 Demonstration in Bali in December 2013: demands to curb corporate power have grown (Benny Kuruvilla)

began to unravel in 2007 with the collapse of the US housing market, leading to credit crunches (where banks refuse to lend to people, firms, countries or each other). The GFC was quickly followed by economic recession, counter-cyclical public spending (so called because the spending goes against, or is counter to, the business cycle) and publicly financed bailouts to cover the risks taken by private financiers. One estimate of the total amount of public financing that went into the bank rescues places it at US\$11.7 trillion (Ortiz and Cummins 2013), several hundred billion of which were direct subsidies (Haldane et al. 2010). Less evident but more systemic are the interest-rate spreads on what governments provide to banks (whose credit rating assumes government bailouts when they fail), and what they then borrow back to cover this lending (with their own credit rating downgraded because of their rescues of banks, leading to higher borrowing costs). This interest-rate spread comprises a massive transfer of public wealth to the very corporations and individuals that were responsible for the GFC (Altwater and Mahnkopf 2012; Ortiz and Cummins 2013).

QUANTITATIVE EASING The rest of the recapitalization of banks came in the form of quantitative easing (QE). Governments in the most affected countries (the USA, the UK, Japan and several others) created new money *ex nihilo* (out of nothing) that was used to buy from distressed banks low-interest-bearing long-term government bonds or distressed ABCPs (sub-prime mortgages), and in the latter instance again effectively socializing the bad debts of private financiers. The amount of QE in the USA rose to US\$3.8 trillion by year-end 2013 (Chapman 2013), almost half of it in the purchase of distressed ABCPs.

QE dramatically increases money supply, the intent being to encourage banks to lend to businesses (to produce) and to people (to consume), thereby reinvigorating the real economy. But this did not happen, because consumers, burdened with personal debt, and faced with the collapse of their housing equity and a surge in unemployment, were not borrowing and buying. Banks, instead, continued their practice of speculative portfolio and derivate investing (Hudson 2010), helping to drive up food prices globally (by betting on food futures) or to stall some of the growth in initially less affected middle-income economies by pouring in ‘hot’ money, driving up the value of the currencies of these countries (‘Dutch disease’) and depressing their export earnings (Box A1.5). Conversely, QE also suppressed the value of currencies in those countries that engaged in this practice (notably the USA and the UK), thereby making their exports more competitive globally.

Direct stimulus spending in the early year of the crisis (2008–09) is estimated at around US\$2.4 trillion across fifty countries, most of them G20 or OECD members (Ortiz and Cummins 2013). The recessionary effects of the GFC on lost global income are enormously greater, and have been estimated at US\$4 trillion annually (2008–12), with projections of medium-term losses ranging

Box A1.4 Holding finance to account?

The US banking company JP Chase Morgan in December 2013 agreed to a record US\$13 billion civil fine, acknowledging ‘it made serious misrepresentations to the public’ about its residential mortgage-backed securities. Ironically, about half the fine (US\$7 billion) will be a tax-deductible expense, so the public will partly subsidize the penalty (Chappell 2013). One of the more egregious examples of this pernicious practice was a 2007 bet placed by the Paulson Advantage hedge fund that the Goldman-Sachs’ version of an ABCP would fail disastrously. It was actually designed to fail; yet one of Goldman-Sachs’ trusted traders was busy selling this ABCP around the world as a solid, stellar investment. When it did fail, Paulson Advantage made US\$3.5 billion on its hedge, eventually increasing to US\$15 billion, about US\$4 billion of which went directly to its CEO, John Paulson, who is reported as having assisted in creating the designed-to-fail ABCP in the first place. The Goldman-Sachs trader was eventually found liable on six counts of fraud, but faces no prison sentence. John Paulson was never charged for his role in the debacle, which launched him into Forbes’ list of multi-billionaires (Stewart 2010). Burgle a house in dozens of American states three times (regardless of how minimal the value of the goods you have stolen) and you receive a life sentence in prison (the so-called three strikes rule). Burgle the global economy, thereby plunging millions into poverty, unemployment and poorer health, and you receive a slap on your wrist and/or enter the ranks of the world’s wealthiest elites.

Box A1.5 Dutch disease

This term refers to the rise in the value of a country’s currency. It was originally coined when the Netherlands experienced a (pre-euro) sudden increase in the value of its currency after the discovery of a large natural gas field in 1959. This led to a decline in its manufacturing exports, which made it more expensive for other countries to import because of the rise in the Dutch currency. The term now describes any development that leads to a large surge in foreign investment in a country, inflating the value of that country’s currency.

between US\$60 and US\$200 trillion (Haldane et al. 2010; UNICEF 2012). The depth of global production chains meant that the GFC’s credit crunch

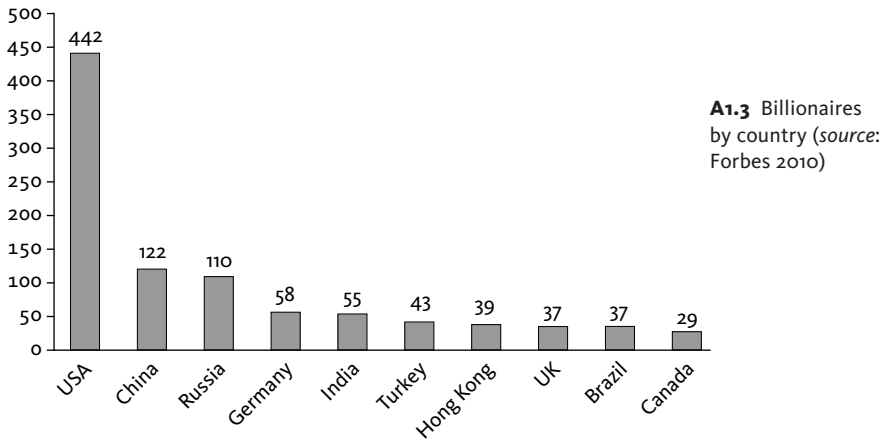
and the subsequent Great Recession (GR) rippled rapidly across supply chains in low- and middle-income countries. Estimates of the short-term social and health costs of the GR include:

- a rise in poverty (below \$2/day) in developing countries of between 53 and 90 million (World Bank 2009a; ODI 2009a);
- an increase in childhood deaths due to increased food prices, declining incomes, decreased public health expenditures and lower rates of healthcare utilization, disproportionately affecting poorer populations;
- an increase in child labour and domestic violence (ODI 2009a);
- a decline in remittances (World Bank 2009a);
- a decline in net development assistance flows (CIDP 2013);
- a decrease in overall financial flows to developing countries (ODI 2009a); and
- a sharp rise in global unemployment of at least 69 million by the end of 2013, concentrated among young adults, creating a surplus (unemployed) labour pool of over 200 million, which is expected to rise even further to 210 million over the next five years (ILO 2011, 2013).

The story does not end with the GFC and the GR. Rather, the response to the 2008 crisis marks the advent of Neoliberalism 3.0 (Hendrikse and Sidaway 2010): the ‘austerity agenda’.

Neoliberalism 3.0: austerity

RISING ECONOMIC INEQUALITY One of the effects of neoliberalism’s earlier versions was the reversal of the post-war social contract in high-income countries (in Europe, for example, through the construction of the ‘welfare state’), which had helped to flatten gross inequities in income distribution in most of these countries. Thus, a small group of people captured most of the gains of the past several decades of economic growth. While the 2008 GFC wiped out trillions of dollars in paper wealth, affecting the pensions and savings of many of the world’s middle and working classes, the 24 million people whom investment banks refer to as ‘high- and ultra-high net worth individuals’ saw their balance sheets decline for a year or two, but then increase by over 20 per cent (Baxter 2011), a remarkable feat never accomplished by the pre-1929 oligarchs. Billionaire wealth rose by 20 per cent alone in 2012 over 2011, in what Forbes describes as ‘a very good year for billionaires’ (Forbes 2013). In 2012, the world’s 1,426 billionaires between them had as much wealth (US\$5.4 trillion) (ibid.) as the entire continent of Africa (US\$2.3 trillion) and India (US\$3.2 trillion) (Keating et al. 2012). Given Africa’s and India’s combined population of 2.2 billion in 2011, this represents an inequality ratio of roughly 1.5 million to 1, a ratio that does not even adjust for the wealth of the thirteen billionaires in Africa and of the fifty-five billionaires in India (see Figure AI.3).



In 2013, the world's eighty-five wealthiest people owned as much wealth as the bottom half (over 3.5 billion) of the world's entire population. By early 2014 only sixty-seven people had the same amount of wealth (equal to half the world's population) and even as the journalist with *Forbes* was finishing the article, this number had dropped to sixty-six! Each billionaire had as much wealth as the poorest 52 million of the world's population (Forbes 2014). By 2014, the number of the world's billionaires had surged to 2,170; and the amount of wealth they owned more than doubled between 2009 (the year after the GFC) and 2013 (Osborne 2014). Although some of the US-based billionaires have pledged to give roughly half of their fortunes to charity, this allows individuals to determine the where, what, why and how of future development for much of humanity, removed from the messy discourse of democracy and civil society engagement.

ATTACK ON THE PUBLIC SECTOR The stunning failure of the 2008 crisis to delegitimize neoliberalism reveals the extent to which public policy had been influenced by the private sector (and primarily financial institutions). Neoliberalism was never about eliminating the state; instead, it was about occupying it, 'a reconfiguring of both (state and market) so that they become thoroughly enmeshed' (Hendrikse and Sidaway 2010: 2039). The 'austerity agenda' is merely one of the means of completing this phase of neoliberalism. Its key tenets differ little from those of Neoliberalism 1.0 (structural adjustment):

- reduction in social protection spending and public sector employment;
- increased VAT (consumption) taxation;
- reduction or elimination of public deficits;
- reduction of public debt;
- increased user pay in public programmes (co-payments);
- privatization of state assets; and

- increased public–private partnerships (PPPs) characterized by the public absorbing most of the risk and enjoying little of the gain of private sector financing for public goods and services (Ortiz and Cummins 2013).

One key difference is that these policies are now a global phenomenon affecting high-income countries as well. Contrary to widely held assumptions, however, this fiscal contraction is still most severe in the developing world:

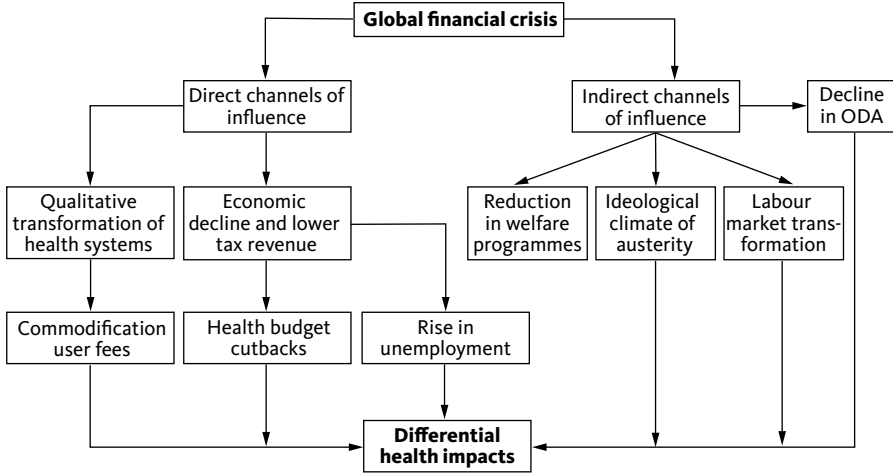
Overall, 68 developing countries are projected to cut public spending by 3.7% of GDP, on average, in the third phase of the crisis (2013–15) compared to 26 high-income countries, which are expected to contract by 2.2% of GDP, on average ... In terms of population, austerity will be affecting 5.8 billion people or 80% of the global population in 2013; this is expected to increase to 6.3 billion or 90% of persons worldwide by 2015. (Ibid.: i)

The biggest austerity cuts in public spending are anticipated in North Africa, the Middle East and sub-Saharan Africa. What is particularly disconcerting is that a comparison of the 2010–12 and 2005–07 periods reveals that nearly one quarter of developing countries appear to be undergoing excessive contraction, defined as cutting expenditures (as a percentage of GDP) to below pre-GFC levels (Ortiz et al. 2011). They are also being imposed by the ‘troika’ (the European Union, the European Central Bank and the IMF) in Europe, and the majority of IMF post-crisis loans continue to push for elimination of food and fuel subsidies; wage bill cuts; rationalizing (reducing) safety net expenditures; and pension reform to delay eligibility. Several countries have been advised to reform their public health systems and to increase labour market flexibilization, while many governments are attempting to generate revenue by broadening their consumption taxes to include items disproportionately consumed by poor households.

Modelling health costs

The GFC and the ensuing Great Recession (GR) are expected to raise poverty rates for those in less secure employment settings (Bezruchka 2009; Quintana and Lopez-Valcarcel 2009); increase homelessness; and deepen reliance on low-cost, highly processed obesogenic foods. Stress levels related to unemployment, poverty and insecurity are also predicted to rise; and suicide rates since the crisis have indeed increased by 12 to 15 per cent in the worst-affected European countries (Stuckler et al. 2011). Figure A1.4 presents the different ways in which the GFC and GR are affecting health.

The most direct link between the GFC and health equity is the steep decline in overall economic activity. Financial crises reduce the tax base of governments, and hence limit their ability to spend on health, education, social protection and other important health-promoting programmes and sectors. Governments could respond to this revenue loss by increasing progressive



A1.4 The global financial crisis and health (source: Ruckert and Labonté 2012)

taxation, thereby also reducing the extremes in wealth inequalities that have characterized neoliberal policies to date. Most governments have not done so, however, responding instead with austerity. Several countries have imposed healthcare budget cuts exceeding 20 per cent, with the most dramatic being in Greece, where the hospital budget has been cut by more than 40 per cent while demand (due to the health hardships induced by austerity measures) has increased by approximately 25 per cent (Kentikelenis et al. 2011). Diseases such as HIV and malaria are again on the rise in Greece; HIV rates among intravenous drug users have increased rapidly after healthcare budget cuts eliminated needle-exchange programmes (ibid.; see also Chapter A.2).

Similar health and social protection cutbacks and imposition of user fees, with similar harmful fallouts, are occurring throughout much of the developing world. The one notable exception to this declining trend is Latin America, where social spending has increased post-GFC (Bárcena 2012), primarily in the form of conditional (or unconditional) cash transfers. Latin American economies have largely been able to avoid having to rely on IMF and World Bank lending in the aftermath of the crisis, which partly explains their expansionary crisis response compared to financially dependent European and African countries.

Another important impact of the GFC, which has direct health effects, is the impact on employment. Not only has unemployment globally and throughout most of the world's regions increased, but social protection for the jobless has also decreased. Moreover, the quality of the employment that is still available has deteriorated, becoming increasingly insecure and precarious in the name of labour market 'flexibility' and global competitiveness. The growth of precarious working conditions is related to the wave of neoliberal policies implemented since the early 1980s, with their emphasis on 'reducing

the constraints on the movement of workers into and out of jobs previously constrained by labour laws, union agreements, training systems, or labour markets that protect workers' income and job security' (Benach and Muntaner 2007: 276). This trend has given rise to a new term, the 'precariat', consisting of people 'working in short-term jobs, without recourse to stable occupational identities or careers, without reliable social protection support and without protective regulations' (Standing 2011).

Two-tiered systems of remuneration are increasingly emerging in the remaining sectors of industrial production in high-income countries, characterized by lower pay and fewer benefits for younger workers. The growth in insecure or part-time minimum wage 'McJobs' in the USA is projected to see four out of five Americans experience working poverty at some point in their lives (Helmore 2013). Many of these workers are skilled and highly educated, the 'education premium' in labour markets being increasingly confined to those working in the financial or digital sectors. Similarly, a quarter of Germany's employed workforce is trapped in insecure 'mini-jobs' (low-paid, part-time), the second-highest percentage of low-earning workers (defined as those earning wages that are less than two-thirds the average) in the Eurozone (Connolly and Osborne 2013). The UK is gaining notoriety for its surge in 'zero hours' contract employment (Goodley and Inman 2013), a post-GFC rise in new jobs that are only part-time or temporary, and a fall in the median wage, disproportionately affecting women workers (Helm 2013).

The erosion in labour markets is not just a rich-world phenomenon. Across Latin America, and despite a decrease in extreme poverty, the majority of those employed in cities work in the 'informal' (underpaid, lower-paid, insecure) sector (IADB 2011). Africa, despite posting some of the world's highest post-GFC economic growth figures and witnessing the rise of a small middle class, remains mired in income inequalities, with its economic growth failing to create new or sustainable jobs. China has experienced growing labour unrest as many employers (both foreign and domestic firms) have been unable or unwilling to meet their payroll obligations, or have threatened to move to lower-wage regions in the aftermath of the GFC's global economic slowdown or simply to avoid workers' demands for a fairer share of the wealth created by the country's manufacturing sector (Chan 2012). In late April 2013, the world was stunned by images of the collapse of the Rana Plaza textile factory in Bangladesh, which killed over 1,100 workers, mostly women. This was the worst, but not the first, such tragedy in the country, where textile workers earn less than half of what is considered a minimum living wage producing inexpensive clothing that makes life more affordable for the poor in wealthier countries (War on Want 2011).

Towards a progressive public health agenda

What, then, are public health activists to do?

A first step is to recognize that we are not alone. Many multilateral

agencies, including the World Health Organization (WHO), UNCTAD, the United Nations Children’s Fund (UNICEF) and the International Labour Organization (ILO) are starting to express concern about the harmful effects of the financial crisis and the austerity agenda. There is a short (but challenging) list of actions that public health activists need to promote:¹

- re-regulate global finance;
- reject austerity;
- increase progressive taxation;
- close tax havens;
- support global tax systems;
- confront the limits to growth;
- reclaim public discourse.

Re-regulate global finance A key component of re-regulation is the re-establishment of legislative rules that clearly separate commercial from investment banking. A new US ‘Volcker’ rule, still to be finalized and scheduled to take effect in July 2014, would put some barriers between the two practices, but US banks and investors with deep pockets are protesting loudly and lobbying fiercely. An estimated US\$5 billion was spent as lobbying costs between 1998 and 2008 to remove these barriers in the first place (Wall Street Watch 2009) and in increasing their loan leverage (see Box A1.6).

The UK is also contemplating banking re-regulation, but this would ring-fence only one third of commercial banking from its investment branches, and then not until 2015. Efforts to reduce bank leverage through Basel III rules (see Box A1.6) have been weak at best, with banks being required to retain just

Box A1.6 Basel III and bank leverage

Bank leverage is the extent to which banks can lend money based on the assets they hold. In the run-up to the GFC the ratio of bank leverage in the USA was reduced from 1:17 to 1:40. This meant that while earlier with assets worth 100 dollars they could lend 1,700 dollars, now they were allowed to lend 4,000 dollars. This change in the US law was a major reason why the real estate bubble burst and why the banks considered ‘too big to fail’ started failing.

Basel III is a global, voluntary regulatory standard for global banks, developed in response to the deficiencies in financial regulation revealed by the GFC. Basel III is supposed to strengthen requirements for bank liquidity and decrease bank leverage. The standards were initially scheduled to be introduced from 2013 until 2015; but have now been postponed.



Image A1.4 Austerity to rescue the big banks from failing (Indranil Mukhopadhyay)

3 per cent in assets relative to loans (a ratio of about 33:1). Moreover, assets include not just cash on hand, but also investments, such as BBB-rated bonds (otherwise known as ‘junk bonds’) (Kiladze 2014; Micossi 2013; Brunsten et al. 2013). Also, none of these rules takes full effect until 2019. The architect of even these modest reforms has publicly complained that the Conservative UK government has already watered them down in response to the US\$150 million the financial sector spends lobbying politicians and treasury officials there each year (Treanor 2012). Clearly, banking re-regulation remains elusive; with no apparent political will to break banks (too big to fail) into smaller sizes.

Reject austerity When the GFC hit in 2008, governments around the world did not respond with austerity; instead, they became profligate spenders trying to save a collapsing world economy. But in less than two years, with some Eurozone countries rapidly accumulating high levels of debt, the neoliberal playbook has returned to rule. Explanations for this volte-face include ideology (politicians committed to neoliberalism and the ‘minimal state’), desperation (politicians unable or unwilling to consider other ideas), mercantilism (the troika’s austerity regime in the Eurozone, by driving down the value of the euro, makes Germany’s exports globally more competitive) and econometric analyses (in particular an IMF study that found that government spending in affected Eurozone countries would have a negative impact on economic growth) (Reinhart and Rogoff 2010). All these explanations are fallacious. Austerity in most countries has failed to accelerate economic growth,

even as it drives up unemployment and poverty rates and creates new direct and indirect health risks.

The initial assumption in the IMF's call for austerity in the Eurozone was that the 'fiscal multiplier' of new government spending would be between 0.4 and 1.2, which it averaged to 0.5. This meant that, according to the IMF's calculations, for every dollar spent by an indebted government, economic output would *shrink* by 50 cents. This was like music to the ears of neoliberal ideologues, keen to reduce the role of the state, and the IMF's projections formed the basis for prescriptions asking for savage cuts in public spending. The tragedy is (especially for the millions in the Eurozone who continue to suffer as a result of the austerity measures) the calculations were patently wrong! In 2012, the IMF recalculated its fiscal multiplier data and found that the range was actually between 0.9 and 1.7; and for Eurozone countries sinking deeper into recession owing to austerity, it was likely at the higher end of the estimate (Talley 2013; Blanchard and Leigh 2013). In other words the revised data show that increased public spending would actually lead to an *expansion* of the economy!

There is, in fact, robust evidence that every dollar in public spending can generate more than a dollar in economic growth in the 'real economy' of production and consumption, by purchasing goods and services that employ people, by employing people who purchase other goods and services, and by signalling stability to the private sector, which is then motivated to undertake its own increased activity (Stanford 2013b). In the post-GFC environment, government spending is thought to have an average fiscal multiplier effect of 1.6. Recent estimates of European public spending by sector show much greater multiplier impacts for investments in health, education and environmental protection than, for example, in defence. Other data from Eurozone countries show that governments with higher rates of spending are recovering faster from the 2008 GFC (Reeves et al. 2013). There is similar evidence available from the USA as well. Emergency unemployment benefits, extended by the US government in the wake of the GFC, are credited with reducing the economic impacts of the recession. These emergency benefits ended in December 2013 for 1.3 million Americans, which one economist estimated is costing the US economy US\$1 billion a week, owing to decreased spending by the jobless (Lewis 2014).

Simply put, government spending in the health and social protection sectors is not only good for health equity and social stability, it is also good for the economy. Even the World Bank and the IMF have begun to accept the empirical evidence of the shortcomings of austerity, calling for government caution in implementing public sector cutbacks in recognition of the 'fiscal multiplier' effect of government spending.

The health-harmful effects of austerity are being better documented and becoming more widely known. This evidence in itself provides health activists

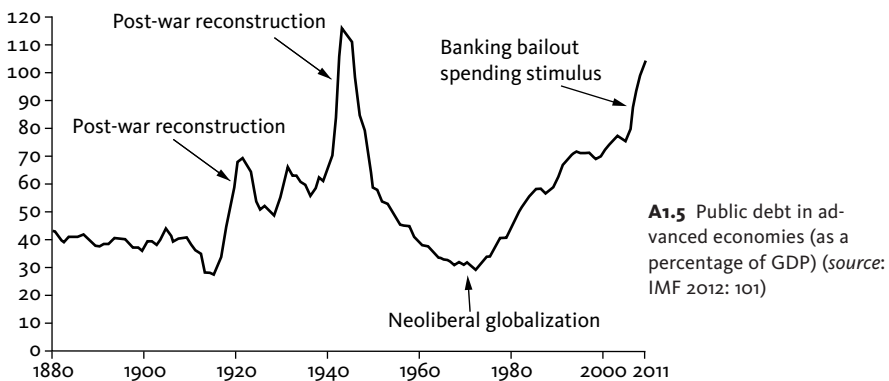
with strong arguments to reject austerity. Even by the standards of very mainstream economics, austerity simply does not make any sense. Say it loudly. Say it often.

Increase progressive taxation Governments in the past have defaulted on their debts, with the IMF warning that this may occur again for many high-income nations carrying historically high debt loads. It is important to consider how and why these debts arose (Figure A1.5) and whether they are, in fact, unsustainable.

In the high-income countries, public debt rose rapidly after both the world wars owing to government-financed reconstruction. Public debt then fell dramatically over the next three decades, the result of high levels of economic growth, strong trade unions (which increased the share of economic wealth that went to labour) and progressive taxation. These were also decades of rapid expansion in government spending in education, health, housing and other public goods and services that played an important role in reducing income inequalities and health inequities within these countries. Public debt began to rise again only with the dawn of neoliberal globalization, and when governments spent to save global capitalism.

Beneath the broad contours shown in Figure A1.5 lies a trend that is extremely important: the decline in progressive taxation and government tax revenues (as a percentage of GDP) experienced by many high-income countries, which began almost three decades ago.

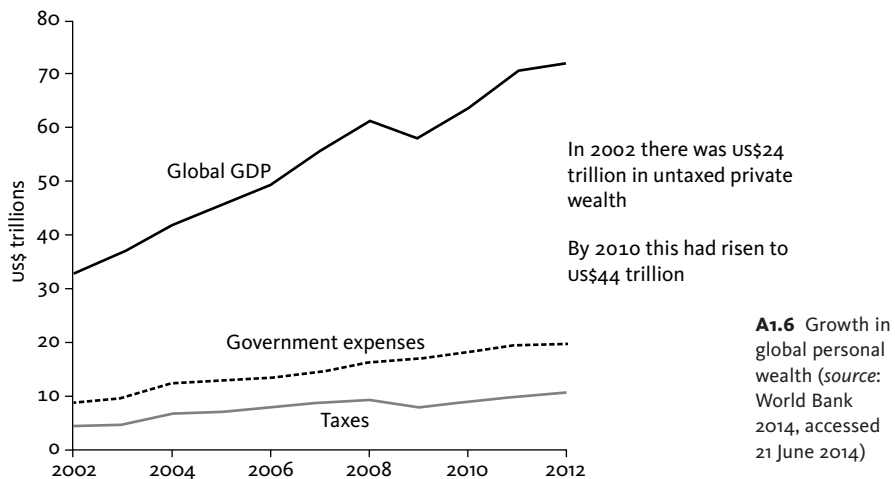
The argument for lowering taxes is that it stimulates economic growth (people spend more, companies invest more). But this argument ignores the fiscal multiplier effect of government spending, and evidence that corporations rarely invest all of their tax savings in new economic activity. A recent analysis in Canada found that, at best, corporations reinvest only 10 per cent of the savings generated by tax cuts (Stanford 2013a). Accounting for an average fiscal multiplier effect of 1.6, retained public revenue and spending outperforms



corporate tax-cut reinvestment by almost 10:1. The net effects of such tax cuts, then, are a substantial redistribution of capital from public to private, and a further ‘starving’ of the redistributive welfare state. Canada’s finance minister recently warned that ‘Those that suggest that austerity should be abandoned ... that’s the road to ruin’ (Engler 2013). Yet had the last six years of tax cuts in Canada not been implemented, there would have been no deficit and no need for austerity.

The same rebuttal applies to arguments for reducing tax rates for high-income earners. Most of their tax savings go into investing, and much of that goes into the ‘funny money’ financialized economy of derivatives and speculation. As a 2013 US review of econometric studies concluded, raising marginal tax rates in that country from their present historic low of 35 per cent to their previous high of 68 per cent would have no statistically significant impact on factors driving growth in the ‘real economy’ of production and consumption. It would, however, reduce poverty, shrink inequality, and stimulate growth through higher levels of public spending (Fieldhouse 2013). An IMF study was a little more cautious but reached the same conclusion, estimating that a marginal rate of 60 per cent would do no harm and more likely good to US economic growth (Elliott 2013).

Stated simply, there would be no financial crisis and no need for austerity in most of the world’s high-income countries if progressive taxation rates had been retained. For many developing countries, the same would be true had they not followed decades of advice (or loan conditionalities) from the World Bank and the IMF to keep their tax rates low to attract foreign investment. Figure A1.6 provides a snapshot of what this means at a global level, and only for the most recent decade. Using global taxation data from the World Bank



Notes: 1. Government expenses calculated by multiplying GDP by reported expense percentage
 2. 2002 and 2003 global GDP calculated by adding up country GDP as reported in table attached to: <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD/countries/?display=graph>

data set (for years 2002 to 2010), and monetizing this taxation using constant dollar estimates of global economic product (GDP) for each of these years, three things are immediately apparent. First, although average global taxation revenues did increase between 2002 and 2007, revenues have been flat since. Secondly, government expenditures continued to rise over this period, but the gap between revenues and expenditures widened substantially after the GFC, creating the fiscal deficits now driving the austerity agenda. Thirdly, the value of global economic product (GDP) skyrocketed in comparison to both, dipping slightly after the GFC but quickly assuming its upward trajectory. Monetizing the difference between taxed and untaxed global wealth in 2002 and 2010, the value rose from US\$24 trillion (2002) to US\$44 trillion (2010). We are left with a familiar conclusion: our austerity agenda does not arise from a problem of scarcity or fiscal debt, but from a situation of inequality and under-taxation.

Forty years of neoliberal messaging, and thirty years of tax reductions and global tax competition, make it difficult politically to argue for progressive tax increases. Yet opinion polls around the world consistently find that people are willing to pay more taxes once the public services bought by taxes are made clear. The American jurist, Oliver Wendell Holmes, a century ago said, 'Taxes are the price we pay for civilization.' They are also the price we pay for decent and equitable health. That is the health activists' take-home message.

Close tax havens This progressive-tax message also needs to become global. Unless all countries begin to ratchet up their tax rates, uncontrolled capital will continue to 'fly' into lower-tax nations. Many of these lower-tax nations operate as tax havens (more formally known as 'offshore financial centres'), where the wealthy and transnational corporations can avoid taxation almost altogether. Banks in these tax-haven nations that are largely under British, American and European aegis shelter an estimated US\$21–32 trillion in personal wealth. The forgone annual tax revenues on the investment growth of this principal alone range between US\$180 and US\$250 billion (Henry 2012; Oxfam 2013).

While capital flight and tax evasion have a negative effect on the revenues of high-income countries affected by the GFC, they have been fiscally devastating for many low-income countries. The African continent has lost more wealth over the past forty years in illicit capital flight, owing partly to criminality and corruption, but most of it involving commercial tax evasion, than it has received in foreign aid (African Development Bank and Global Financial Integrity 2013). This tax evasion (or, when legally 'grey', tax avoidance) occurs when companies route one step of their global production chain through a tax haven, 'transfer pricing' the cost of the goods leaving that country for their final market destination at exorbitantly high rates, thereby retaining most of the profit in the tax-haven subsidiary.

In the immediate aftermath of the 2008 GFC, many of the G20 countries began to talk tough about tax havens, with some successes in prising open the private Swiss bank accounts of tax dodgers. But the requirements for tax-haven reform were so lax that nothing has changed. In fact the top ten investment banks (all operating in tax-haven countries) saw their 'wealth management' jump from US\$2.3 trillion to US\$6 trillion post-GFC (Johannesen and Zucman 2012). Following more recent reports of high-profile tax avoidance by multinational corporations, the G20 in September 2013 committed, more ambitiously, to developing a global system of automatic exchange of tax information by 2015 to avoid transfer-pricing practices and to ensure that taxes are paid in the jurisdictions where economic profits and value are created (Curry 2013). Whether this latest initiative will be successful remains to be seen.

Support global tax systems Globalized financial markets require systems of global taxation, and the GFC has reinvigorated the debate over the implementation of a financial transaction tax (FTT), previously known as a 'Tobin tax' (named for the economist who first proposed it). The theory behind the original Tobin tax was that it would dampen destabilizing speculative capital flows, although evidence to date indicates that this may not be the case, as the rate suggested (0.05 or 0.005 per cent) may be too low to affect speculators. Some have called for an additional Spahn tax, with rapidly escalating rates should there develop panic outflows or if there is evidence of significant capital flight. The 2008 GFC has created new FTT adherents, no longer necessarily with a view to dampening speculation or to financing global development. The current concern is with raising funds to recapitalize central banks weakened by private-bank bailouts or to provide emergency relief for countries at risk of sovereign default. The potential revenues of an FTT could be large. A low rate of 0.05 per cent (5 cents for every 100 dollars) if applied to bond and share sales globally could raise US\$410 billion. A much lower tax rate of 0.005 per cent (5 cents for every 1,000 dollars), if applied globally to all foreign exchanges, including derivatives and over-the-counter trading, would raise US\$863 billion annually; this means that at the 0.05 per cent rate, it would total US\$8.63 trillion (McCulloch and Pacillo 2011).

By late 2011, forty countries had some form of an FTT, raising about US\$28 billion (Griffith-Jones and Persaud 2012). In January 2013, eleven EU countries agreed to implement an FTT, albeit at a low level that would raise about €35 billion annually (Inman 2013). The UK government remains fiercely opposed to this EU initiative, fearing that it will dampen the financial sector operating out of the City of London, a sector that contributes relatively little to the country's GDP, employment or taxation revenue, but which creates enormous wealth for elite global investors and investment bankers. Several countries have expressed public support for a global FTT, including the



Image A1.5 Climate change discussions consigned to the dustbin of conventional growth rhetoric (Indranil Mukhopadhyay)

sixty-three member nations of the Leading Group on Innovative Financing for Development. There is also general agreement on a distribution formula for the revenues raised by an FTT, with half going into public deficit and debt reduction and the other half going into funds to help developing countries meet development goals and adapt to and mitigate the impacts of climate change. But powerful countries are opposed to a global FTT, including the USA, the UK, China and India.

Confront the limits to growth This is not a new issue. Economists and ecologists have been warning about the limits to growth for decades. Despite the dramatic evidence of climate change, the GFC and GR consigned concerns over a probable and imminent environmental catastrophe into the dustbin of conventional growth rhetoric. Early in the recession, the World Bank argued that ‘the financial system should be fixed, and countercyclical spending should be increased’, in order ‘to increase consumption to re-energize production to recreate growth’ (World Bank 2009b). In the same year, the UK Department for International Development (DfID) was more critical, noting that ‘Climate change, state fragility, violent conflict, population growth and urbanization

are all rising up the agenda [and] throw into sharp relief questions about the long term viability of aspects of the market-economy model.' Its conclusion, nonetheless, was simple: 'Maintaining growth is a priority' (DfID 2009).

Even if we succeed in constraining what David Harvey (2003) described as neoliberalism's predatory 'capital accumulation through dispossession', by reining in 'casino capitalism' and subordinating the global economy to social purposes, there is an environmental limit to any 'business as usual' approach to the 'real economy' of production and consumption. As Tim Jackson, Economics Commissioner, Sustainable Development Commission, pointed out in 2009: 'There is as yet no credible, socially just, ecologically sustainable scenario of continually growing incomes for a world of nine billion people' (Jackson 2009: 8). The growth model of the economy must be displaced if environmental sustainability is to be achieved. The Commission modelled two scenarios for such a displacement to show that it could be done. The first scenario (low growth and sustainability) would require substantial forms of national and global wealth redistribution; a small redistributive tax on the richest quintile of the world would have a far more dramatic impact on poverty and inequality reductions than conventional 'trickle-down' growth. It further assumes a large downward shift in work-time so that more people work less for reasonable incomes to avoid massive unemployment, increased social protection spending, and a reversal of the consumer culture. The second scenario (to complement the first) demands a shift into a non-fossil-fuel economy. This would require consensus to be built on a global scale around the achievement of a 'green' future as a global public good.

A carbon taxation scheme is also an unavoidably urgent tool. Without a carbon tax to accompany such global measures as an FTT, historic, geographic and intergenerational ecological imbalance will persist. Moreover, a carbon tax can be inherently redistributive, since it is the wealthier few who have disproportionately large carbon footprints. And as a colleague recently pointed out: the two most powerful private corporate actors in the world today (often enwrapped in each other) are banks and oil companies. It would be dangerous to tax one into regulatory submission without doing likewise for the other.

Reclaim public discourse There remains the need to continue advancing policy and programmatic alternatives to the world we inhabit, not with naive presumptions about the exercise of power, yet with a level of detail that demands engagement by the powerful. Our neoliberal nemesis knows this necessity better than we do, with its short, sharp, simple messaging that taps into a moral and emotive state. Blaming government for undermining the nobility of the individual, and equating less government with more personal power, is a message that sells well across social classes. It may be empirically fatuous, but if veracity were a criterion for marketing, we would not have the multibillion-dollar advertising industry. In one of the presentations at the third People's

Health Assembly in Cape Town in 2012, four similarly short, sharp, simple messages were suggested:

- a life with security;
- opportunities that are fair;
- a planet that is habitable;
- governance that is just.

The first reclaims the security agenda by connecting it to employment, social protection, the environment and safety and freedom from the necessity of gated communities designed to protect the fabulously wealthy from the rest of us. The demand for equal opportunities links to how a fair taxation regime combined with high social spending can level our grossly uneven playing fields. The need for a habitable planet needs little explanation; ecology will sustain and direct the radical politics of the future. Governance – the space where states, markets and civil society attempt to manage the crises of capitalist modernity – taps into the issue of social rights and political participation to decide where public investment should be made. People mobilize in anger, for a time, but it takes a larger and more inclusive vision of how we might live to sustain organized movements that can take us forward from there.

Another simple statement of purpose is the vision from the *People's Charter for Health*, which commits activists to achieving equity, ecologically sustainable development and peace ... a world in which a healthy life for all is a reality; a world that respects, appreciates and celebrates all life and diversity; a world that enables the flowering of people's talents and abilities to enrich each other; a world in which people's voices guide the decisions that shape our lives. There are more than enough resources to achieve this vision (People's Health Movement 2000).

There is a further challenge. Forty years of a dominant discourse of individualism, coupled with attacks on the state by the right (aided as well by attacks from the left) and fused with media-hyped stories of corruption, have bred a cynicism about organized politics that only strengthens the neoliberal agenda. Even as political participation is thriving in many low- and middle-income countries (at least where it is not violently suppressed), it is waning in most of the democratic high-income countries. Writing about the Republican Party's efforts in 2013 to make the US political system ungovernable by forcing the federal government into bankruptcy, Robert Reich argues that this is the intent of right-wing conservatives: 'to make us all so cynical about government that we give up ... making it easier for the moneyed interests to get whatever they want' (Reich 2013).

Activists in the progressive health movement need to revalorize the role of the state: not the competitive state of Neoliberalism 1.0, the investment state of Neoliberalism 2.0 or the austerity state of Neoliberalism 3.0, but the regulatory and redistributive state that provides the goods and services essential

to public health. Revalorizing (or simply valorizing) the role of the state will require different arguments and claims in different countries, depending on the levels of democratic accountability, fiscal transparency and existing levels of taxation and public spending. But freeing governments from their neoliberal prison is one of the most important political tasks for social activists, regardless of the mobilizing issue.

As we engage with this task, we need finally to reclaim public discourse. We do not have a fiscal crisis. We have a crisis of inadequate taxation. We are not living in conditions of scarcity. We are living in conditions of inequality. Our voices of opposition to neoliberal globalization need to be louder and stronger. Evidence and ethics are both on our side.

Where should health activists start?

Tackling the underlying global (political and economic) determinants of health and injustice can seem an impossible task. Capitalism (neoliberal or otherwise) has proved incredibly resilient to crises. But there are several ways in which health activists can participate in mounting a challenge.

- 1 Recognize that the health sector is not alone in seeking a globe that is just and sustainable. Peasants' movements, labour organizations, environmental groups, women's groups and many others are also critiquing the predatory inequities of neoliberal globalization and pressuring their governments for reforms.
- 2 Globalization, and particularly its suite of binding trade and investment treaties, has put restraints on the abilities of governments to manage economies for socially useful purposes. But national governments can push back from such agreements or can otherwise ensure that they have much stronger and legally binding language protecting their rights to regulate in any way they deem necessary to protect public health, the environment and other public goods. National governments ultimately are responsible for the shape globalization takes; they are the first targets for health advocacy aimed at securing a healthy, equitable and environmentally sustainable future.
- 3 Most countries have social movement groups engaged in some form of advocacy work at the national level on one or another of the key globalization-related determinants of health within their borders. This work could be around improving or reasserting labour rights, expanding social protection coverage, increasing and improving the fairness of domestic taxation to finance public goods, ensuring access to quality healthcare without financial barriers, strengthening gender rights and those for marginalized or discriminated groups, protecting the environment and reducing fossil-fuel dependency, and so on. Such groups need to continue to 'act locally', but to link up with their international counterparts to not only 'think globally', but also to 'advocate globally'. They also need volunteer resources. Pick

a group that comes closest to supporting your local passion, and support its work nationally while ensuring the globalization dimension is never lost sight of.

- 4 Keep abreast of globalization-related developments, and of useful critiques of neoliberal globalization and its reform and more revolutionary alternatives. Social media, blogs and online discussion groups have become important tools in maintaining a ‘watching brief’ on these developments.
- 5 Avoid pessimism of the intellect, and practise optimism of the will. Consider optimism as a purposeful act of political resistance.

Note

1 There should be another area on this list: ensure that new trade and investment treaties fully protect the policy space of governments for public health regulation and do not further empower corporations over states and citizens. But any reasonable discussion of this issue falls beyond the scope of this chapter.

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