

Introduction

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At the end of the 1970s and beginning of the 1980s, an ideology originating in the United States (first with a Democratic president, Jimmy Carter, then with a Republican president, Ronald Reagan) and the United Kingdom (with Prime Minister Margaret Thatcher) spread worldwide. According to this ideology, the role of the state in all dimensions of economic and social life should be reduced in order to free up the enormous potential of market forces (usually referred to as “free” market forces), by deregulating world trade, increasing the mobility of capital and labor, and eliminating social arrangements (such as social pacts and protectionism) that stood in the way of the full development and expansion of capitalism. Capitalism without borders became the name of the game in world affairs, reproducing a narrative that became known as *neoliberalism*—adding the *neo* prefix to indicate that this was indeed a new, broader, more advanced form of the old liberalism.

Such ideology became the guiding force behind international economic relations, a process facilitated by the collapse of the Soviet Union, which until then had been the other pole in a bipolar world. From that point there was only one pole, and only one alternative. The application of neoliberal policies to the international economic order became known as *globalization*. Neoliberal globalization has now been around for more than 30 years. Indeed, its hegemony is evident not only in the international institutions that manage the globalization process (such as the International Monetary Fund, World Bank, World Trade Organization, and United Nations—including its technical agencies such as the World Health Organization, UNICEF, UNESCO, and others), but also in the majority of governments of both the developed and the developing countries. Such hegemonic ideology has been promoted as the *Washington consensus*, supported by all U.S. administrations (Carter, Reagan, Bush senior, Clinton, and Bush junior), and on the other side of the Atlantic (in the European Union) as the *Brussels consensus*—and, indeed, it has guided the establishment of the European Union.

The defenders of neoliberal policies (i.e., most academic and mainstream media, both in North America and in Europe) have presented these policies as a great success: they have given rise, it is said, to an unprecedented increase in economic development and social well-being. These perceptions are uncritically presented as obvious facts and realities in the major economic and political forums and in the establishment media.

An exception to this choir of complacency is the *International Journal of Health Services (IJHS)*, established in 1970 and remaining loyal to its critical vocation. Despite its name (kept for historical reasons), the *IJHS* covers a much broader range of topics than health services. As indicated by its subtitle, the *IJHS* covers health and social policy, political economy and sociology, history and philosophy, and ethics and law. In summary, it covers any subject related to population's health and quality of life. And neoliberalism and globalization do indeed affect the health and quality of life of our populations, as is the theme of this volume. This book (with the exception of one chapter) is a collection of articles published in the *IJHS*.

The book opens, in Part I, with a chapter by Vicente Navarro (Professor of Health and Public Policy at the Johns Hopkins University and Professor of Political and Social Sciences at the Pompeu Fabra University, Spain), which explains the origins and nature of neoliberalism and globalization—two sides of the same coin. Chapter 1 challenges the widely held assumption among liberal authors (reproduced on occasion by sectors of the anti-globalization movement, such as Susan George and Ignacio Ramonet of *Le Monde Diplomatique*) that in the new globalized order, nation-states have lost their importance and have been replaced by multinational corporations, which are now the main motors of economic activity. Navarro questions the disappearance of the state and shows how states (heavily influenced by the classes and economic groups dominant in each nation-state) play a critical role in the international order—or, better, disorder. Moreover, he postulates that neoliberalism is the ideology of the dominant classes of both developed countries (the North) and developing countries (the South). These dominant classes have established an alliance that governs today's world, and neoliberalism is the ideology of this class alliance.

Part II shows how states (and thus politics) play a critical role in defining what happens in each country. Chapter 2, by Vicente Navarro, John Schmitt (Visiting Professor in the Public and Social Policy Program of the Pompeu Fabra University and economist at the Center for Economic and Policy Research in Washington, D.C.) and Javier Astudillo (Professor of Political Science at the Pompeu Fabra University), shows there is no convergence toward a uniform, reduced set of welfare state interventions (such as social security, labor market interventions, health and medical care, education, social services, housing, prevention of social exclusion and immigration), as neoliberal authors claim. Rather, there continue to be different types of welfare states (with different levels of public social

expenditures), depending on the political traditions that have governed in each country and the class interests those traditions represent.

Chapter 3, by Francis G. Castles (Professor in the Department of Social Policy of the University of Edinburgh, Scotland), further expands on the continuing centrality of political factors in the configuration of social policies. There is no economic determinism (globalization) that forces all governments to do the same thing (i.e., to carry out neoliberal policies). The relations of power, including class power, continue to have a critical role. Many of the heralded crises of the welfare state are overblown by governments that have used “globalization” as a way of justifying and carrying out unpopular, class-oriented policies.

Part III consists of three chapters by Robert Hunter Wade (Professor at the London School of Economics) that analyze the adverse effects of neoliberalism and globalization on economic efficiency, social cohesion, and inequality. Chapter 4 challenges the basic economic assumptions of neoliberalism and globalization, presenting empirical information that invalidates the intellectual arguments used to sustain the theoretical framework on which neoliberalism is based. Chapter 5 challenges the argument that free trade in goods and services (including financial services) makes for better overall economic performance at the level of the world economy or national economies. It shows that neoliberal policies have increased inequalities and poverty, a position further documented in Chapter 6, in which Wade also challenges the neoliberal position that inequalities are desirable because of their beneficial effects on incentives and innovation. This chapter presents empirical evidence that falsifies the liberal position and emphasizes that redistribution within each nation-state is a critical condition for economic efficiency.

Part IV presents the consequences of neoliberalism and globalization for the quality of life of the world’s populations. Chapter 7, by Mark Weisbrot, Dean Baker, and David Rosnick (economists at the Center for Economic and Policy Research, Washington, D.C.), documents the enormous human costs of neoliberalism and globalization for health, education, and other indicators of social well-being and quality of life. The authors demonstrate these costs by comparing the evolution of social indicators in the period 1980–2005 with the period 1960–1980, stressing that improvement in economic and social indicators for countries at equal levels of development at the beginning of each period was much lower (and even, on occasions, negative) in the later than in the earlier period.

Chapter 8, by Vicente Navarro, critically analyzes the consequences of neoliberalism for health around the world. This also includes a critique of the “humanism” of many initiatives coming from neoliberal establishments (such as the AIDS campaigns), which reproduce a “technological bullet” approach to solving enormous health problems—problems that are rooted in the unequal power relations (class power as well as gender power) supported by the liberal establishments. The chapter also includes a critique of the WHO for its reproduction of neoliberal policies (a point elaborated on in Part IX).

In Part V, the authors analyze the situation of monetary and economic integration in the European Union. Chapter 9, by Vicente Navarro and John Schmitt, challenges the widely held view in neoliberal discourse that there is a necessary trade-off between higher efficiency and lower reduction of inequalities. The chapter empirically shows that the liberal U.S. model has been less efficient economically (slower economic growth, higher unemployment) than the social model existing in the European Union and in most of its member states. Based on the data presented, Navarro and Schmitt criticize the adoption of features of the neoliberal model (such as deregulation of labor markets and reduction of public social expenditures) by some European governments. They go on to analyze the causes for the slowdown of economic growth and increased unemployment in the European Union—the application of monetarist and neoliberal policies in the institutional frame of the European Union, including the Stability Pact, the objectives and *modus operandi* of the European Central Bank, and the very limited resources available to the European Commission for stimulatory and distributive functions. Finally, the authors detail the reasons for these developments, including (besides historical considerations) the strong influence of financial capital in the E.U. institutions and the very limited democracy. Proposals for change are included.

Chapter 10, by John Schmitt and Ben Zipperer (economist at the Center for Economic and Policy Research, Washington, D.C.) gives a detailed analysis of the neoliberal model, presented by its advocates as the model the European Union should follow, and highlights the huge deficiencies of that model.

In Part VI, the discussion focuses on the social and economic situation of the United States, the point of reference in the neoliberal narrative. Chapter 11, by John Schmitt, analyzes the most unequal of the world's advanced capitalist economies, the United States, showing how inequality has increased substantially over the past 30 years. Schmitt also documents trends in the inequality of three key economic distributions—hourly earnings, annual incomes, and net wealth—and relates these developments to changes in economic and social policy over the past three decades. The primary cause of high and rising inequality is the systematic erosion of the bargaining power of lower- and middle-income workers relative to their employers, reflected in the erosion of the real value of the minimum wage, the decline in unions, wide-scale deregulation of industries such as airlines and trucking, privatization and outsourcing of many state and local government activities, increasing international competition, and periods of restrictive macroeconomic policy.

Chapter 12, by Vicente Navarro, discusses the political context in which health inequalities research has historically operated in the United States. The discussion focuses on the limitations of research that uses income, consumption, and status as the primary categories of research practice. Navarro concludes that it is essential to use categories of analysis that focus on class relations, as well as race and gender relations, and their reproduction through international and

national institutions, in order to study their impact on the health and well-being of populations. In fact, a major weakness of most health inequalities research in the United States is its profound apoliticism. The actual causes of inequalities (in class, gender, and race power relations) are systematically ignored or downplayed. Even the term *inequalities* has disappeared from the narrative, replaced by the term *disparities*.

Part VII describes one of the most interesting alternatives to neoliberalism that has appeared in the developing world. Venezuela's health policies are based on an active public intervention with active mobilization of the population. Several scholars from the United States, Europe, and Venezuela present and analyze these experiences: in Chapter 13, Oscar Feo (Professor at the University of Carabobo, Venezuela) and Carlos Eduardo Siqueira (Professor at the University of Massachusetts, Lowell); and in Chapter 14, Carles Muntaner (Professor at the University of Toronto), René M. Guerra Salazar (Professor at the University of Toronto), Joan Benach (Professor at the Pompeu Fabra University, Spain), and Francisco Armada (Minister of Health of Venezuela).

The focus of Part VIII is the experience of neoliberalism and its negative effects on the African continent. In Chapter 15, Patrick Bond (Professor at the University of KwaZulu-Natal, South Africa) describes the dispossession of Africa's resources at the cost of its populations' health. The international establishments, including the International Monetary Fund and the World Bank are hypocritical—as Demba Moussa Dembele (from the African Forum on Alternatives) clearly shows in Chapter 17—in having pushed and imposed neoliberal policies on African countries and now lamenting the widespread crises and calling for more aid to these countries. It is neoliberalism itself that has worsened the health of African populations, as is further documented by Patrick Bond and George Dor (activist with Jubilee South Africa and the African Social Forum) in Chapter 16.

Part IX, Section A, critically analyzes proposals put forward by the WHO to resolve health crises at the world level. Indeed, three major commissions established by the WHO have had a major influence on the configuration of health policies. And, as the chapters here show, two of these commissions, heavily influenced by neoliberalism, are wrong, and the third is clearly insufficient.

In Chapter 18, Alison Katz (former consultant to the WHO) critically analyzes the Sachs report *Investing in Health for Economic Development*. This report, the product of the WHO Commission on Macroeconomics and Health, reproduces a set of highly dubious assumptions, one of which is that the primary cause of poverty in countries is a lack of resources. Thus, the report calls for aid to developing countries. Completely absent is any analysis of the class power relations existing within each country, as well as globally, as causes of underdevelopment. This lack of attention to the political factor accompanies a lack of questioning of the basic assumptions of the neoliberal project (perhaps because of Jeffrey Sachs's leadership in imposing neoliberal policies on the Soviet Union,

policies that resulted in half a million deaths in just two years). It is an indication of the enormous hegemony of the neoliberal discourse that Sachs was asked to chair the WHO commission. Debabar Banerji (Emeritus Professor, Jawaharlal Nehru University, India) also criticizes the WHO Commission on Macroeconomics and Health (Chapter 19), as well as the WHO Commission on Social Determinants of Health (Chapter 21), from the viewpoint of a long-time public health professional working in a developing country. Chapter 20 presents a critique by Vicente Navarro (first published in the *Lancet*) of the WHO report *Health Systems: Improving Performance*, a document that, again, reproduced the neoliberal ideology of the WHO.

The critique of neoliberal policies ends with Section B of Part IX, a critical analysis of Jeffrey Sachs's manifesto *The End of Poverty*, by Doug Henwood (of the *Left Business Observer*).

These, then, are the contents of the volume. As indicated at the beginning of the introduction, the objective of this collection is to critically analyze the conventional wisdom in the political, economic, and academic establishments of the Western world. The chapters in this volume differ from and frequently are in conflict with mainstream explanations that present neoliberalism and globalization as good for people's health and quality of life. The data presented here challenge such assumptions. We hope that this contribution stimulates a much needed debate on the impact of economic, social, and political determinants on health and quality of life, focusing on how two major developments—neoliberalism and globalization—are adversely affecting the human development of our population.

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