

# WHO Commission on Social Determinants of Health

*Global political economic and geopolitical  
trends, structures and implications  
for public health*

Globalization Knowledge Network

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# Preface

The Globalization Knowledge Network (GKN) was formed in 2005 with the purpose of examining how contemporary globalization was influencing social determinants of health. It was one of nine Knowledge Networks providing evidence-informed guidance to the work of the World Health Organization's Commission on Social Determinants of Health (2005-2008): like most of the Knowledge Networks, its operations were financed by an external funder (in this case, the International Affairs Directorate of Health Canada, Canada's national ministry of health). The GKN conducted two face-to-face meetings to debate, discuss, outline and review its work, and produced thirteen background papers and a Final Report. These papers and the Final Report underwent extensive internal and external peer review to ensure that their findings and policy inferences accurately reflected available evidence and scholarship.

This GKN publication series was prepared under the general editorship of Ronald Labonté, with assistance from Vivien Runnels and copy-editing provided by Wayne Harding. All views expressed are exclusively those of the authors. A complete list of titles in the publication series appears on the inside back cover of this monograph.

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# **Global political economic and geopolitical trends, structures and implications for public health**

## **WHO Commission on Social Determinants of Health**

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# Table of Acronyms

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<b>FAO</b>	Food and Agriculture Organization
<b>FDI</b>	Foreign Direct Investment
<b>GATS</b>	General Agreement on Trade in Services
<b>GDP</b>	Gross Domestic Product
<b>GMO</b>	Genetically Modified Organism
<b>HIPCs</b>	Highly Indebted Poor Countries
<b>HIV/AIDS</b>	Human Immunodeficiency Virus /Acquired Immunodeficiency Syndrome
<b>IMF</b>	International Monetary Fund
<b>LTCM</b>	Long Term Capital Management
<b>MDGs</b>	Millennium Development Goals
<b>NGO</b>	non-governmental organization
<b>OPEC</b>	Organization of the Petroleum Exporting

# Abstract

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This paper assesses major shifts in global political economy and geopolitics since the 1970s, which have brought together processes of governance and liberalization in often uncomfortable ways, with important manifestations for health policy. Geopolitical realignments and neo-liberal policy ascendancy can be observed in a series of several dozen moments in which key events reflect important power shifts. The context has been a series of durable economic problems: stagnation, financial volatility and uneven development. One reaction is the turn to what might be considered extra-economic relationships between markets and non-market social and ecological values. This is a particularly dangerous development when global political discourses are dominated by neo-liberal and neo-conservative forces, and where reforms from either enlightened post-Washington Consensus elites or Third World nationalists are not given great credence. Indeed the conclusion highlights the sobering problem of insufficient political will to address needed political economic and geopolitical problems.

# Introduction

Public health challenges related to globalization must be seen in a broader context combining political economy and geopolitics. Political economy is an analysis concerned with the interaction of economic processes and power relations. Geopolitics involves considerations of relations between territorially based actors — not just national states — which have interests in defending or expanding their spatial power.

Globalization is an explicitly geographical phenomenon and hence we must seek a framework capable of uniting macro-political and global economic forces on the one hand, with micro-foundational aspects of markets and political actors' interests on the other. That is the epistemological challenge for the pages ahead: to globally and locally comprehend globalization's political economy in a compressed account of four subjects: (1) major defining events since the early 1970s, (2) ideological development, (3) explanatory theory, and (4) empirical tendencies that will shape the immediate future.

The wider window provided in this analysis — and the third-of-a-century long view taken — is exemplified in studies by David Harvey (2007, p. 27) who explains the broad outline of the context we will investigate in the pages ahead:

“Toward the end of the 1960s, global capitalism was falling into disarray. A significant recession occurred in early 1973—the first since the great slump of the 1930s. The oil embargo and oil price hike that followed later that year in the wake of the Arab-Israeli war exacerbated critical problems. The embedded capitalism of the postwar period, with its heavy emphasis on an uneasy compact between capital and labor brokered by an interventionist state that paid great attention to the social (i.e., welfare programs) and individual wage, was no longer working. The Bretton Woods accord set up to regulate international trade and finance was finally abandoned in favor of floating exchange rates in 1973. That system had delivered high rates of growth in the advanced capitalist countries and generated some spillover benefits—most obviously to Japan but also unevenly across South America and to some other countries of South East Asia—during the ‘golden age’ of capitalism in the 1950s

and early 1960s. By the next decade, however, the preexisting arrangements were exhausted and a new alternative was urgently needed to restart the process of capital accumulation.”

How and why neoliberalism emerged victorious as an answer to that quandary is a complex story. In retrospect, it may seem as if neoliberalism had been inevitable, but at the time no one really knew or understood with any certainty what kind of response would work and how. The world stumbled toward neoliberalism through a series of gyrations and chaotic motions that eventually converged on the so-called ‘Washington Consensus’ in the 1990s.

The gyrations and stumbles are documented in the next section. While the neo-liberal project may have failed to meet its sponsors' promises, nevertheless there is not yet a replacement conceptual framework strong enough to reshape the world. The forces in Washington that support economic neo-liberalism (the World Bank, International Monetary Fund (IMF), United States Treasury, United States Federal Reserve and associated think tanks) and political neo-conservatism (the White House, Pentagon, U.S. Department of State and think tanks) are both suffering major legitimacy problems. But their *fusion* in many multilateral agencies — notwithstanding some reform rhetorics — suggests a difficult period ahead for the two strongest potential alternatives: *post-Washington Consensus* or *Third World nationalist* reformers. It will be even more challenging, but possibly more fruitful, to insert into the equation a fifth framework promoted by social change activists within the *global justice movements*. Table I provides a snapshot in 2007 of the institutions, debates and personalities associated with these five ideological approaches. However, before addressing their agendas, it is important to set out the three-decade long geopolitical process, as well as deeper political economic dynamics, and then provide some theoretically informed explanation for these.

## Geopolitical realignment, neo-liberal ascendancy and economic volatility

A catalogue of geopolitical changes since the 1970s would emphasize at least four major developments. First, the 1975 defeat of the United States by the Vietnamese

guerrilla army reduced the US public's willingness to use its own troops to maintain overseas interests. Second, the Soviet bloc collapsed in the early 1990s, as a result of economic paralysis, foreign debt, bureaucratic illegitimacy and burgeoning democracy movements. Third, several Middle East wars occurred during the period, with Israel generally dominant as a regional power since the 1973 war with Egypt, notwithstanding its 2006 defeat in Lebanon. Fourth, China emerged as a potent competitor to the West in political as well as economic terms during the 1990s and 2000s.

These were merely the highest-profile of crucial political developments, leaving a sole superpower in their wake. Yet this superpower is one with much lower levels of legitimacy, dubious military and cultural dominance, slower economic growth, higher poverty and inequality, and vastly reduced financial stability over the past third of a century. One critical aspect of the struggle between classes associated with these developments was the waning of the Third World nationalist project and a dramatic shift in class power, away from working class movements that had peaked during the late 1960s, towards capital and the upper classes.

Chronologically, several other crucial *moments* helped define the splintered, polarized political sphere since the 1970s. Formal democratization arrived in large parts of the world — Southern Europe during the mid-1970s, the Cone of Latin America during the 1980s and the rest of Latin America during the 1990s, and many areas of Eastern Europe, East Asia and Africa during the early 1990s — partly through human/civil rights and mass democratic struggles and partly through top-down reform. Yet, because democratization occurred against a backdrop of economic crisis in Latin America, Africa, Eastern Europe, the Philippines and Indonesia, the subsequent period was often characterized by instability, in which “dictators passed debt to democrats” (as the Jubilee South movement termed the problem)<sup>1</sup> who were compelled to impose austerity on their subjects, leading to persistent unrest.

In the wake of transformations in Nicaragua, Iran and Zimbabwe in 1979-80, the ebbing of Third World revolutionary movements was hastened by the US government's attacks during the 1980s on Granada, Nicaragua, Angola and Mozambique, sometimes carried out directly but often by proxy. It was also a period of attacks on liberation movements in El Salvador, Palestine (via Israel) and Colombia, as well as on former CIA client regimes in Panama and Iraq. During this period, low/middle-income governments and their citizenries were thus warned not to stray from Washington's mandates, a message amplified by the 1989-90 demise of the Soviet Union. Indeed, after the Cold War ended, Western aid payments to Africa, for example, quickly dropped by 40 per cent with the evaporation of formerly Cold War patronage competition, until its resurgence subsequent to Chinese interest in Latin America and Africa during the 2000s (Action Aid, 2005, p.36).

The consolidation of European political unity followed corporate centralization within the European Economic Community, as the 1992 Maastricht Treaty ensured a common currency (excepting the British pound which was battered by speculators just prior to its attempt to join the Euro zone), and as subsequent agreements established stronger political interrelationships. This occurred at a time when most European social democratic parties turned neo-liberal in orientation and voters swung between conservative and centre-right rule, in the context of slow growth, high unemployment and rising reflections of citizen dissatisfaction. Meanwhile, persistent 1990s conflicts in “failed states” gave rise to Western humanitarian interventions with varying degrees of success, in Somalia (early 1990s), the Balkans (1990s), Haiti (1994), Sierra Leone (2000), Côte d'Ivoire (2002) and Liberia (2003). However, other sites in Central Africa — Rwanda in 1994 and since then Burundi, northern Uganda, the eastern part of the Democratic Republic of the Congo, Somalia and Sudan's Darfur region — have witnessed several million deaths, with only rather ineffectual regional interventions that involved Western powers, if at all, only peripherally.

The 2001 attack on the World Trade Center and the Pentagon (followed by attacks in Indonesia, Madrid and

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1 <http://lists.essential.org/stop-imf/msg00038.html>

London) signalled an increase in conflict between Western powers and Islamic extremists. These followed earlier bombings of US targets in Kenya, Tanzania and Yemen, which in turn prompted US reprisals against Islamic targets in Sudan (actually, a medicine factory) and Afghanistan in 1998 and Yemen in 2002. This shift in global militarism was accompanied, in the early-mid 2000s, by a rise of left political parties in Latin America including major swings in Venezuela (1999), Bolivia (2004) and Ecuador (2006), as well as turns away from pure neo-liberal economic policies in Brazil, Argentina, Uruguay and Chile. These were joined during the mid-2000s in Europe by left coalitions in Norway and Italy.

This list of political moments should not obscure other important trends that seem to have accompanied them: social and cultural change, including postmodernism, the “network society”, demographic polarizations and family restructurings; new technologies brought about by the transport, communication and computing revolutions; major environmental stresses including climate change, natural disasters, depletion of fisheries and worsening water scarcity; and health epidemics, such as AIDS, drug-resistant tuberculosis and malaria, severe acute respiratory syndrome and the human health risks of bovine spongiform encephalopathy and avian flu. Although these are topics beyond the scope of the current paper, their importance in the realm of ideology must not be neglected. Moreover, given the rise of neo-liberal and neo-conservative philosophies (formerly “modernization” and colonialism), there have been sometimes spectacular counter-reactions ranging from Islamic fundamentalism and resurgent Third World nationalism, to Post-Washington Consensus and global governance reform proposals, to global justice movement protests, as discussed later.

Meanwhile, in the sphere of economics, a variety of key moments marked the rise and then decline of neo-liberal policy influences across the world. In 1973 the Bretton Woods agreement on fixed exchange rates disintegrated when the US unilaterally ended the convertibility of the US dollar to gold, representing a default of approximately US \$80 billion. The agreement, by which one ounce of gold was valued at US\$35 between 1944 and 1971, had served to anchor other major currencies. As a result of the

US move the price of gold rose to US\$850 per ounce within a decade. Also in 1973, several Arab countries led a reduction in oil supply by the Organization of the Petroleum Exporting (OPEC) cartel that raised the price of petroleum dramatically and resulted in a similarly dramatic transfer of resources from the world’s oil consumers to the coffers of the OPEC countries. And in the same year Augusto Pinochet staged a coup against the elected government of Salvador Allende in Chile. The coup opened up the opportunity for *los Chicago Boys*, a term referring to Chilean bureaucrats trained at the University of Chicago in Milton Friedman’s neo-liberal economic orthodoxy, to reshape radically the Chilean economy.

In 1976 the International Monetary Fund (IMF) signalled its growing power by forcing austerity on Britain at a point where the ruling Labour Party was desperate for a loan, even before Margaret Thatcher’s ascent to power in 1979. In 1979 the US Federal Reserve addressed its country’s currency decline and inflation problem by dramatically raising interest rates. In turn this catalyzed a severe recession and the Third World debt crisis, especially in Mexico and Poland in 1982, Argentina in 1984, South Africa in 1985 and Brazil in 1987 (in the latter case leading to a default that lasted only six months due to intense pressure on the Sarnoy government to repay). At the same time, the World Bank shifted from project funding to the imposition of structural and sectoral adjustment (supported by the IMF and the Paris Club cartel of donor nations), in order to assure surpluses would be drawn for the purpose of debt repayment, and in the name of making countries more competitive and efficient.

During the late 1980s and early 1990s Washington adopted a series of financial crisis-management techniques, such as the US Treasury’s Baker and Brady Plans, to enable banks in New York, London, Frankfurt, Zurich and Tokyo to write off (with tax breaks) part of the \$1.3 trillion in potentially dangerous debt they were owed by creditors in Latin America, Asia, Africa and Eastern Europe. Notwithstanding this socialization of the banks’ losses, debt relief was denied the borrowers.

In late 1987 crashes on a scale unprecedented since 1929 occurred on the New York and Chicago financial markets. Further damage was narrowly averted with a promise of unlimited liquidity by US Federal Reserve Chairman Alan Greenspan. The promise was based on a philosophy which in turn allowed the bailout of the savings and loan industry and various large commercial banks (including Citibank) in the late 1980s notwithstanding a recession and serious real estate crash during the early 1990s. Similarly in 1998, when a New York hedge fund, Long Term Capital Management lost billions on bad investments in Russia and in the process threatened the integrity of the world financial system, the New York Federal Reserve Bank arranged a bailout. The US Treasury's management of the "emerging markets" offered further bailouts for investment bankers exposed in various regions and countries — Eastern Europe (1996), Thailand (1997), Indonesia (1997), Malaysia (1997), Korea (1998), Russia (1998), South Africa (1998, 2001), Brazil (1999), Turkey (2001) and Argentina (2001) — whose hard currency reserves were suddenly emptied by runs.<sup>2</sup>

Finally, while the various excesses of an over-inflated US economy whose various excesses have occasionally unraveled, as with the bursting of dot.com stock market (2000-01) and real estate (2007-09) bubbles, China and India picked up the slack in global materials and consumer demand during the 2000s. However, this development is not without stresses and contradictions that in coming years may threaten world finances, geopolitical arrangements and environmental sustainability.

These major events reflect tensions and occasional eruptions, but never genuine resolutions, to the growing overall problems of volatility that have wracked world politics and economics since roughly the start of the

1970s. These events were also critical from the standpoint of public health, given how many were associated with drastic increases in mortality and morbidity. The overall sense of chaos in global political economy and geopolitics contrasts to a more stable, predictable, prosperous and evenly distributed set of political-economic relations during the immediate post-Second World War quarter-century (1945-70).

What explanations can be generated to help come to grips with volatile global political economy and geopolitics?

## Durable economic problems

The merits of classical political-economic theory include the identification of durable economic problems — also termed *crisis tendencies* — at the core of the market's laws of motion. But these tendencies are typically met by countervailing management techniques that stabilize the market. Crisis displacement techniques have become much more sophisticated since the Great Depression of the 1930s, which had compelled John Maynard Keynes (1936) to write his *General Theory of Employment, Interest and Money*, which advocated much greater state intervention so as to boost purchasing power.

The difference today is that such drastic problems have been averted, largely through *shifting and stalling* the devaluation of exposed, uncompetitive capitals — i.e., what Joseph Schumpeter (1942) called "creative destruction" necessary to recover from a depression and restore momentum to a new round of accumulation. The stalling entails moving devaluation across time (via the credit system) and the shifting entails its movement across space by powerful actors (the Bretton Woods Institutions, World Trade Organization, donor agencies) to areas that are less able to withstand the adjustment. Moreover, in the search for temporary fixes to its problems, capital also draws on non-market spheres (environmental commons, women's unpaid labor, indigenous economies) for new surpluses by way of extra-economic coercions ranging from bio-piracy and privatization to deepened reliance on unpaid women's labor for household reproduction.

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2 A "run" refers to the sudden and rapid withdrawal of investment in a country's financial markets, generally by foreign speculative investors. This causes the traded value of the country's currency to decline. In an attempt to stabilize its currency, the country uses its foreign currency reserves to purchase back its own currency to "signal" its value to other currency traders, or raises interest rates dramatically to change the incentive structure for foreign portfolio investors so as to attract money back.

As a result, the global economy's vast financial expansion and the use of geographical power have devalued large parts of the low-income countries and various emerging market sites, as well as some vulnerable markets in the North that have suffered substantial "corrections" in past years. Extra-economic coercion, including gendered and environmental stress, has intensified in the process. The result is an economy that concentrates wealth and poverty in more intense ways geographically and brings markets and the non-market spheres of society and nature together in ways adverse to the latter. This phenomenon is sometimes termed *uneven and combined development*, to which we return below.

Consider three central components to this political-economic argument about global economic problems:

1. First, the persistent late 20th century condition of overaccumulation of capital witnessed huge gluts in many markets, declining rates of growth in per capita GDP, and falling corporate profit rates (Brenner, 2003; Harvey, 2003; Dumenil & Levy, 2004). The consequences were displaced and mitigated (shifted and stalled geographically and temporally), at the cost of much more severe tensions and potential market volatility in months and years ahead, particularly when from 2007, the financial bubbling of real estate markets in the US and many other settings burst.
2. Second, the temporary dampening of crisis conditions through increased credit and financial market activity has resulted in the expansion of "fictitious capital". This is especially so in real estate but other speculative markets based on trading paper representations of capital (derivatives), far beyond the ability of production to meet the paper values.
3. Third, geographical shifts in production and finance continue to generate economic volatility and regional geopolitical tensions, contributing to unevenness in currencies and markets as well as pressure to combine market and non-market

spheres of society and nature in search of restored profitability.

As noted below, the interlinked problems of overaccumulation, financialization and globalization brought pressures for war, as witnessed by battles for resources especially in the Middle East, Central Asia and Central Africa. Circumstances mainly associated with hyper-expansion of commerce in a context of technological/transport changes also generated threats of catastrophic climate change and new pandemics.

The world macroeconomic context since about 2000 includes some incongruent experiences, especially in the US, the Euro Area and Japan (Bank for International Settlements, 2006, p. 12-32). These experiences include a recovery in trade, foreign investment flows (especially mergers and acquisitions) and stock market values after early 2000 downturns; rising US and Japanese fiscal deficits; and an unprecedented US trade deficit (especially due to increased Chinese imports), while nearly all emerging market economies — aside from Turkey, Mexico, South Africa, the Czech Republic and Poland — ran large current account surpluses. As well, there has been an upturn in raw material prices from early 2002 (especially in energy and minerals/metals); an uptick in corporate profits as a share of GDP accompanied by sluggish private fixed investments; and real interest rates below 1 per cent since 2001, in spite of 17 small rate increases by the US Federal Reserve since 2004, prior to reversals from 2007. But these trends have been companioned with a fast-rising household debt/income ratio in the US; uncertainty in global property markets — especially US housing — after apparent mortgage-driven peaks in 2005 and a potential real estate devaluation of \$6 trillion in the US; a 25-per cent fall in the value of the US dollar from its early 2002 high until year-end 2007; and the ongoing role of emerging Asian economies as the engine of world growth.

Can incongruities within these macro data be reconciled with political-economic analysis? Recent orthodox analysis of economic disequilibria, especially US trade/budget

deficits, often relies upon four key variables by way of an explanation for the tensions that have emerged:

1. Extremely low US national (especially household) savings rates.
2. The positive implications of the “new economy” for US investments (which have been stable at just lower than 20 per cent of GDP during the 1990s-2000s, roughly equal to Europe and Latin America but lower than Japan’s 25 per cent and other East Asian countries’ 33 per cent).
3. The argument that a global savings glut (roughly 2 per cent higher than 1990s levels) permits relatively low interest rates in the US in addition to capital inflows.
4. A Sino-American co-dependency situation due to risk avoidance by Asian investors in the wake of the 1997-98 crisis (Bank for International Settlements, 2006, p. 24).

For Barry Eichengreen (2006, p. 14), “the four sets of factors supporting the global imbalance and the US deficit will not last forever. There will have to be adjustment, the question being whether it will come sooner or later and whether it will be orderly or disorderly.” In 2007 that adjustment began, but repeated vast financial bailouts of major banks and institutional investors (and even US mortgage guarantors Fannie Mae and Freddie Mac) kept the “adjustment” process – i.e., widespread asset devaluation – at temporarily in check.

Apart from the US financial crisis, there have been other “very long bouts of stagnant or even negative growth,” according to the World Bank (2006, p. 56): “The past 25 years have had numerous setbacks afflicting growth in the developing countries.” The Bank offers an explanation for “Sub-Saharan Africa, the Middle East and North Africa, Latin America, and Europe and Central Asia. They each had specific reasons for these periods of depressed growth ranging from Latin America’s debt crisis in the 1980s, the Middle East and North Africa’s (and, to a lesser extent,

Africa’s) energy decline, and Europe and Central Asia’s emergence from its transition toward market-based economies.”

In each case, the Bank (2006, p. 55) claims, progress can be recorded in terms of improved macroeconomic conditions (such as less inflation and inflationary expectations); more sustainable debt levels (at least for developing countries on average); more diversified economies with less reliance on volatile commodities; a much greater role for services (which tend to be less volatile); much improved production management with lower inventories (which tended to be a major factor in past business cycles); and better macroeconomic management, particularly monetary policy. By late 2006 these claims led many to discount the economic dangers ahead. Some, like *New York Times* economics correspondent Daniel Altman (2006), professed not to worry (unless an exogenous shock emerges), because “the dollar’s decline could continue in an orderly and relatively benign fashion. The economy could see what, under the circumstances, would be the best of all possible worlds: a lower dollar helping to support American exports, while foreign money continues to rush into the country.” For *The Economist* (2006), “The world economy could well benefit from a gradual slide in the greenback. It would help to reduce global current-account imbalances and, by shifting production into America’s tradable sector, would cushion the United States’ economy as its housing bubble bursts.” The World Bank (2006, p. 1 & 24) agrees that “a soft landing remains likely...even though it may take several years beyond our medium-term projection period (2006–08) before the US current account deficit reaches sustainable levels.”

However, others worry because broader systemic power shifts in the wake of financial and trade adjustments are likely. According to Menzie Chinn, writing for the Council on Foreign Relations:

A cautionary note regarding America’s current path is provided by Britain’s loss of military and political primacy in the twentieth century; that development followed a shift from creditor to debtor status.

Similarly, a prolonged decline in the dollar's value and increasing indebtedness will erode America's dominance in political and security spheres. These trends threaten the dollar's role as *the* global currency that facilitates international trade and finance, something the United States has gained immeasurably from over the years. A weaker dollar also reduces American leverage in international financial institutions such as the World Bank and International Monetary Fund. Finally, a diminished U.S. currency means that each dollar's worth of military and development assistance has less impact at precisely the time when the nation faces the greatest challenges. Those threats we ignore at our own peril.

The World Bank's *Global Economic Prospects for 2007* specified three upsides of "the next wave of globalization":

First is the growing economic weight of developing countries in the international economy, notably the emergence of new trading powerhouses such as China, India, and Brazil. Second is the potential for increased productivity that is offered by global production chains, particularly in services, arguably the most dynamic sector of trade today. Third is the accelerated diffusion of technology, made possible through falling communications costs and improved access to telecommunications and the Internet, as well as through innovative forms of business organization, often linked to foreign investment (World Bank 2006, p. vii).

On the downside, the World Bank (2006, p. vii) continues, are "growing inequality, pressures in labor markets and threats to the global commons" which are not only "evident in the current globalization" but "are likely to become more acute. If these forces are left unchecked, they could slow or even derail globalization." The Bank notes that threats from "environmental damage, social unrest, or new increases in protectionist sentiment are potentially serious," in part because "returns to skilled labor will continue to increase more quickly than those to unskilled labor, extending today's natural wage-widening

tendencies evident in many, if not most, countries" (World Bank, 2006, p. vii & xxi).

Whether it is *natural* that the world is suffering the worst inequality in human history might be disputed. For example, one of the core arguments made by David Harvey (2003; 2007) is that neo-liberalism is an explicit political project of "class war". That this war has generated vast inequalities between people in poor countries and people in rich countries is no longer in dispute, even if India and China complicate matters due to uneven development.

If the orthodox explanation for these durable economic problems is unsatisfactory, what do *political economists* have to offer instead?

## Stagnation, volatility and uneven development

Post-Keynesian economist David Felix (2003, p. 2) has succinctly addressed the overall economic policy problem, namely the US and global ruling elites' adoption since the early 1980s of a specific economic management style known as:

...neoliberalism, with financial market liberalization and heavy reliance on freely mobile international capital as its leading components. However, their adoption by the industrialized countries has been associated with exchange rate misalignments, excessive debt leveraging, asset price bubbles, slower and more unstable output and employment growth, and increased income concentration; and additionally in the developing countries by more frequent financial crises, exacerbated by over-indebtedness that forces many of them to adopt pro-cyclical macroeconomic policies that deepen their output and employment losses.

Other political economists continue debating whether the global economy is strong or weak. Divergent views continue over the nature of finance within the context of a slower-

growing contemporary economy at a time of increasingly frictional geopolitical and military power relations. Harking back to an earlier debate between Rudolf Hilferding (1910) and Heinrich Grossmann (1929), some stress the power and coherence of finance within an always restructuring market economy. On the contrary, some stress the vulnerability and system-threatening contradictions associated with durable economic crisis and especially financial system fragility.

In the first category, Leo Panitch and Sam Gindin (2004, p. 73-75) insist, “clinging to the notion that the crisis of the 1970s remains with us today flies in the face of the changes that have occurred since the early 1980s.” In the same spirit, Chris Rude (2004) provides a convincing statement on the way incidents like the 1997-98 Asian and Long Term Capital Management (LTCM) liquidity crises actually strengthened the system: “The financial instability is functional. It disciplines world capitalism.” There is probably no more striking evidence of this than the *Volcker shock* rise in the US interest rate in 1979, imposed by Federal Reserve Chair Paul Volcker to halt inflation and in the process discipline labour, subsequently drawing the Third World inexorably into debt crisis, austerity, decline and conflict.

However, what is the source not only of recent economic volatility but also of the long slowdown in economic growth? The world’s per capita annual GDP increase fell from 3.6 per cent during the 1960s, to 2.1 per cent during the 1970s, to 1.3 per cent during the 1980s to 1.1 per cent during the 1990s followed by a rise to 2.5 per cent for the first half of the 2000s (World Bank, 2005b, p. 297). To be sure, the bundle of goods measured over time has changed. High technology products enjoyed today were not available in the last century. Yet overall, GDP measures are notorious overestimates, especially since environmental degradation became more extreme from the mid-1970s, the point when a “genuine progress indicator” went into deficit (<http://www.redefiningprogress.org>). We must also acknowledge the extremely uneven character of accumulation across the world, with some regions — especially Eastern Europe — having dropped vast proportions of their output during 1980s-90s downturns. As for the poorest continent, outgoing chair of the IMF

and World Bank Development Committee Trevor Manuel (2005) bragged that, “Right now, the macroeconomic conditions in Africa have never been better. You have growth across the continent at 4.7%. You have inflation in single digits. The bulk of countries have very strong fiscal balances as well.” Extractions of non-renewable resources, however, were not included in Manuel's calculations; if they had been, Africa would have show net *negative* savings (Bond, 2006).

In contrast to the arguments by Panitch, Gindin and Rude, there have been several powerful statements about a *crisis* faced by global, and especially US, businesses in their of restructuring production systems, social relations and geopolitics (Brenner 2003, Harvey, 2003; Pollin, 2003; Wood, 2003). It would be tempting to draw on sources like Volcker himself who in 2004 publicly warned of a “75 per cent chance of a financial crisis hitting the US in the next five years, if it does not change its policies.” As he told the *Financial Times*, “I think the problem now is that there isn’t a sense of crisis. Sure, you can talk about the budget deficit in America if you think it is a problem — and I think it is a big problem — but there is no sense of crisis, so no one wants to listen” (Tett, 2004).

From the standpoint of political economy, similar sentiments are regularly aired, based not only on distorted US financial and trade accounts, but also underlying features of production, ecological destruction and social degradation. Yet among crisis theorists disputes remain over the relative importance of: employer-employee class struggle (especially emanating from late 1960s Europe, but waning since the mid-1970s and at very low levels during the 1980s when nominal profits increased); international political conflict; energy and other resource constraints (especially looming oil shortages) and the tendency to overaccumulation (production of excess goods, beyond the capacity of the market to absorb).

For David Harvey (2003a), “Global capitalism has experienced a chronic and enduring problem of overaccumulation since the 1970s.” Robert Brenner (2004) finds evidence of this problem insofar as “costs

grow as fast or faster in non-manufacturing than in manufacturing, but the rate of profit falls in the latter rather than the former, because the price increase is much slower in manufacturing than non-manufacturing. In other words, due to international overcapacity, manufacturers cannot raise prices sufficiently to cover costs.”

Whether this is a sufficient basis of proof has been disputed, for example by Giovanni Arrighi (2003) who observes “a comparatively low, and declining, level of over-capacity”, drawing on official statistics. However, such data are not terribly useful for measuring overaccumulation because year-on-year capacity measurement does not take into account either the manner in which firms add or subtract capacity (e.g. *temporarily* mothballing factories and equipment) or the ways that overaccumulation problems are shifted/stalled into other sectors of the economy. At the height of the West’s devalorization stage of overaccumulation during the 1980s, other political economists — Simon Clarke (1988, p. 279-360), Harvey (1989, p. 180-197) and Ernest Mandel (1989, p. 30-58) — showed how de-industrialization and intensified uneven development were correlated to overaccumulation. Subsequently, evidence of the ongoing displacement of economic crisis to the Third World and via other sectors was documented by Harry Shutt (1999, p. 34-45) and Robert Biel (2000, p. 131-189).

Related debates unfold over what is mainly a *symptom* of economic crisis — declines in the corporate rate of profit from the 1970s to the 1990s, emanating from the United States. At first glance, the after-tax US corporate profit rate appeared to recover from 1984, nearly reaching 1960s-1970s highs (although it must be said that tax rates were much lower in the recent period). On other hand, interest payments remained at record high levels throughout the 1980s and 1990s. By subtracting real (inflation-adjusted) interest expenses we have a better sense of net revenue available to the firm for future investment and accumulation, which remained far lower than earlier periods (Dumenil & Lévy, 2003).

Furthermore, with the help of Gérard Duménil and Dominique Lévy (2003), we can trace the ways that US corporations responded to declining manufacturing-sector accumulation. Manufacturing revenues were responsible for roughly half of total (before-tax) corporate profits during the quarter-century post-war *Golden Age*, but fell to below 20 per cent by the early 2000s. In contrast, profits were soon much stronger in the financial sector (rising from the 10—to-20 per cent range during the 1950s and 1960s, to above 30 per cent by 2000) and in corporations’ global operations (rising from 4 to 8 per cent to above 20 per cent by 2000). Dumenil and Lévy show that, since the Volcker shock changed the interest/profit calculus, there have been far more revenues accruing to capital based in finance than in the non-financial sector, to the extent that financiers doubled their asset base in relation to non-financial peers during the 1980s and 1990s. As Gerald Epstein and Dorothy Power (2002) document, rentier income doubled as a share of US GDP from around 15 per cent during the 1960s to above 30 per cent for most of the 1980s-90s.

Many such trends continued into the 2000s, with low investment rates, high debt loads and bankruptcy threats to what were once some of the most powerful US auto companies. Hence restored profits for capital in general disguised the difficulty of extraction of surplus value, leaving most accumulation hollow, based increasingly on financial and commercial activity rather than production. Although productivity increased and wage levels fell, we will see that the search for relative and absolute surplus value was augmented by profitability found outside the production process.

Indeed the primary problem for those wanting to measure and document the dynamics of capital accumulation in recent years has been the mix of extreme asset-price volatility and “crisis displacement”. Together they make the tracking of valorization and devalorization terribly difficult. Volatility associated with ongoing financial

processes and minimalist intrastate regulation is addressed later. But Harvey's (1999) analyses of spatio-temporal "fixes" (not resolutions), and of systems of "accumulation by dispossession" (Harvey 2003a; 2003b), are also appealing as theoretical tools. They help explain why economic crisis doesn't automatically generate the sorts of payments-system breakdowns and mass unemployment problems witnessed on the main previous conjuncture of overaccumulation, the Great Depression.

## "Accumulation by dispossession"

To be sure, the destruction associated with economic crisis tendencies is accompanied by degradation in the form of spatio-temporal fixes and accumulation by dispossession. (More information about this is offered in the next section.) As formulated by David Harvey, accumulation by dispossession is a form of ongoing "primitive accumulation" — not based on free and fair market exchange or capital-labour relations, but rather extra-economic coercion, which remains one of the market economy's persistent and permanent tactics (Perelman, 2000).

Harvey (2003a) has argued that an extreme form of accumulation by dispossession characterizes market penetration of non-market spheres of life and nature, including:

commodification and privatization of land and the forceful expulsion of peasant populations; conversion of various forms of property rights (common, collective, state, etc.) into exclusive private property rights; suppression of rights to the commons; commodification of labor power and the suppression of alternative (indigenous) forms of production and consumption; colonial, neocolonial and imperial processes of appropriation of assets (including natural resources)...and ultimately the credit system as radical means of primitive accumulation.

That these systems of dispossession today more explicitly integrate the sphere of reproduction — where much primitive accumulation occurs through unequal gender

power relations — reflects a "reprivatization" of life, as Isabella Bakker and Stephen Gill (2003) put it. To illustrate the degradation faced by Africans, the denial of access to food, medicines, energy and even water is the most extreme result. People who are surplus to the economy's labour requirements find that they must fend for themselves or die. The scrapping of safety nets in structural adjustment programs, along with other forms of "workfare" and conditioned social programs, worsen the vulnerability of women, children, the elderly and disabled persons. They are expected to survive with less social subsidy and greater pressure on the fabric of the family during economic crisis. This makes women more vulnerable to sexual pressures and therefore HIV/AIDS (Elson, 1991; Longwe, 1991). According to Dzodzi Tsikata and Joanna Kerr (2002), "Mainstream economic policymaking fails to recognize the contributions of women's unpaid labor — in the home, in the fields, or in the informal market where the majority of working people in African societies function. It has been argued that these biases have affected the perception of economic activities and have affected economic policies in ways that perpetuate women's subordination." It is not only by ignoring these contributions by women, but by *relying on them* for the cheapening of labour inputs, that orthodox economic strategies exacerbate pre-existing patriarchy and related gendered forms of accumulation by dispossession.

To illustrate, even in relatively wealthy South Africa an early death for millions was the outcome of state and employer AIDS policy. It was based on cost-benefit analyses demonstrating conclusively that keeping most of the country's 6.5 million HIV-positive people alive through patented medicines costs more than these people were "worth". In the case of the vast Johannesburg-London conglomerate Anglo American Corporation, the cut-off for saving workers in 2001 was 12 per cent — the lowest-paid 88 per cent of employees were more cheaply dismissed once unable to work, with replacements found among South Africa's 42 per cent unemployed reserve army of labour. This is merely one aspect of what is now regularly termed *labour's precarity*, albeit a life-and-death matter even if merely a cost-benefit calculation for the employer. Moreover, in this context of *surplus people*, the South

African government's main spokesperson revealingly told *Science* magazine in 2000 why it would not initially provide the antiretroviral nevirapine to prevent mother-to-child transmission: "That mother is going to die and that HIV-negative child will be an orphan. That child must be brought up. Who is going to bring the child up? It's the state, the state. That's resources, you see?" (Bond, 2005, Afterword.)

The imposition of neo-liberal resource-saving policies in this spirit has amplified uneven development across the world. In macroeconomic terms, the Washington Consensus entails trade and financial liberalization, currency devaluation, lower corporate taxation, export-oriented industrial policy, austere fiscal policy aimed especially at cutting social spending, and monetarism in central banking (with high real interest rates). In micro-developmental terms, neo-liberalism implies three standard microeconomic strategies — deregulation of business, flexible labour markets and privatization of state-owned enterprises. But it implies also the elimination of subsidies, the promotion of cost-recovery and user fees, the disconnection of basic state services to those who do not pay, means-testing for social programs and reliance on market signals as the basis for local development strategies. As Gill has shown, enforcement is crucial, through both a "disciplinary neo-liberalism: entailing constant surveillance, and a 'new constitutionalism' that locks in these policies over time.

An additional feature of the degradation of *non-capitalist* spheres of life must be flagged, namely the extent to which the ecological basis of life is becoming vulnerable. For James O'Connor (1988), the standard responses to the economy's *primary contradiction* (crisis tendencies especially in the form of falling profits) have severe environmental implications, associated with a *second contradiction*. He writes, "when individual capitals attempt to defend or restore profits by cutting or externalizing costs, the unintended effect is to reduce the 'productivity' of the conditions of production and hence to raise average costs." In short, when accumulation by dispossession as an economic strategy is applied to natural resources, as an alleged *market solution* to *market*

*problems* (such as pollution and global warming externalities), new crises invariably ensue. Elmar Altvater (2003) finds these strategies of ecological commodification "highly doubtful because of the 'limits to growth', the exhaustion of resources and sinks and because of military conflicts on resources ('new wars on resources') in Africa and Latin America and in the Middle East. Several wars have been waged on the domination over oil-territories and influences on the oil-price." For example, water wars are said to be emerging as the 21st century equivalent of petro-related conflicts of the 20th century.

How serious have these socio-political-ecological problems become? Although leading political economists debate the extent to which system-threatening crises loom (Foster 1998, Harvey 1998), empirical measurement of environmental degradation is improving. Joan Martinez-Alier (2003) has provided several categories:

1. Unpaid costs of reproduction or maintenance or sustainable management of the renewable resources that have been exported.
2. Actualized costs of the future lack of availability of destroyed natural resources.
3. Compensation for, or the costs of reparation (unpaid) of the local damages produced by exports (for example, the sulphur dioxide of copper smelters, the mine tailings, the harms to health from flower exports, the pollution of water by mining), or the actualized value of irreversible damage.
4. (Unpaid) amount corresponding to the commercial use of information and knowledge on genetic resources, when they have been appropriated gratis ('bio-piracy') for agricultural genetic resources, the basis for such a claim already exists under the Food and Agriculture Organization (FAO) Farmers' Rights.
5. (Unpaid) reparation costs or compensation for the impacts caused by imports of solid or liquid toxic waste.

6. (Unpaid) costs of free disposal of gas residues (carbon dioxide, CFCs, etc), assuming equal rights to sinks and reservoirs.

The sums involved are potentially vast, for example, those associated with bio-piracy (Tandon, 2000). Recent cases include a diabetes drug produced by a Kenyan microbe, a Libyan-Ethiopian treatment for diabetes, antibiotics from a Gambian termite hill, an antifungal from a Namibian giraffe, an infection-fighting amoeba from Mauritius, a Congo (Brazzaville) treatment for impotence; vaccines from Egyptian microbes, multipurpose medicinal plants from the Horn of Africa, the South African and Namibian indigenous appetite suppressant Hoodia, and many others (McGown, 2006). In the case of CO<sub>2</sub> emissions, according to Martinez-Alier:

Jyoti Parikh (1995) (a member of the UN International Panel on Climate Change) [argues that] if we take the present human-made emissions of carbon, the average is about one tonne per person per year... Let us take an average of \$25; then a total annual subsidy of \$75 billion is forthcoming from South to North.

Depletion of minerals and other non-renewable resources (including fisheries), dumping of toxics, bio-piracy and excess use of the planet's CO<sub>2</sub> absorption capacity are merely some of the ways that the South is being exploited on the ecological front. The amounts involved would easily cover debt repayments.

Later we turn to the political and strategic implications, especially in relation to sites of intense contradiction and politicization that follow from commodification and globalization. But first we should review further recent evidence regarding destruction associated with one of the most contradictory facets of crisis displacement, namely financial instability.

## Financial volatility

Financial volatility has also contributed to extremely uneven development across the world, with much of the

damage arising from actions taken by and in the United States. There the manifestations of rising *financial profitability* simultaneous with relative *manufacturing decline* are varied, beginning with the past few years of massive deficit spending by the US government, a form of military Keynesianism. But, as noted above, so too is consumer-Keynesianism via increasingly crucial credit, with household debt as a percentage of disposable income rising steadily from below 70 per cent prior to 1985, to above 100 per cent 15 years later. On the one hand, credit proponents argue that given financial product innovations and especially new debt instruments associated with new information, communications and technology, it is possible to carry a greater debt load without necessarily endangering consumer finances. On the other hand, during the same period, household savings rates fell from the 7-12 per cent band to below 3 per cent, and the crash of sub-prime mortgage markets plus growing consumer bankruptcies in 2007 provide contrary evidence.

Moreover, consumers and other investors are also more vulnerable to larger financial shocks and asset price swings than at any time since 1929. Although there were indications from around 1974 that major financial institutions would be affected by the onset of structural economic problems, few predicted the dramatic series of upheavals across major credit and investment markets over the subsequent quarter century. These were the Third World debt crisis (early 1980s for commercial lenders, but lasting through the present for countries and societies); energy finance shocks (mid 1980s); crashes of international stock (1987) and property markets (1991-93); crises in nearly all the large emerging market countries (1995-2002); and even huge individual bankruptcies which had powerful international ripples. In 2006 South Africa, Turkey and Colombia suffered currency crashes against the euro of 25 to 33 per cent. Investors were caught in financial-speculative gambles gone very sour (or simply corrupt) in derivatives, exotic stock market positions, currency trading, and bad bets on commodity futures and interest rate futures. Their names include Enron, Anderson Accounting, World Com, Tyco, Long-Term Capital Management, I.G. Metallgesellschaft, Orange County and Barings Bank.

In the single largest loss of absolute value to date, the US stock market built up an enormous bubble until early 2000, culminating in the bursting of the dot-com bubble that wiped \$8.5 trillion of paper wealth off the books, a drop in the Standard & Poors price-earnings ratio from 150 to 80 from 2000-2006. The German DAX fell from 175 to 60 over the same period. Another severe stock market devaluation occurred in Japan from 1993 to 2005, with a price-earnings ratio fall from more than 200 to 40, while the main emerging markets index dropped from a 2000 peak of 150 to 70 by the middle of 2006.

Household asset values also crashed when the US share bubble burst, although fast-rising housing prices temporarily kept overall asset levels at a respectable level, at least for the wealthiest 60 per cent of households who own their homes. The property bubble was enhanced by the 1998 drop in interest rates — the Fed's response to the Asian and Long Term Capital Management crises that spurred a dramatic increase in mortgage refinancing.

The fact that the housing sector has contributed to roughly a third of US GDP growth since the late 1990s makes the real estate speculative bubble particularly worrisome. As the World Bank (2006, p. 24) noted, "By the third quarter of 2006, the contribution to growth of residential investment had swung from a strong 0.5 percentage points in 2005 to a strongly negative 1.1 percentage points." The problem in the US markets is amplified by the low-quality credit given during the early 2000s, according to Martin Eakes (2007) of the Center for Responsible Lending and Center for Community Self-Help. He writes, "Given the projected foreclosure rate of approximately one-third of borrowers taking subprime loans in recent years, this means that subprime foreclosures could affect approximately 12 percent of recent Latino borrowers and 16 percent of African-American borrowers. If this comes to pass, it is potentially the biggest loss of African-American wealth in American history."

Another market that has taken off in a spectacular manner, and which may form the basis for more

speculative investment in future, is energy derivatives. The numbers of options and futures traded has risen steadily but does not seem to have created a mature market in fields like electricity, gas and oil, as reflected in huge price fluctuations. A market in carbon emissions is also nascent but potentially enormous, given the ratification of the Kyoto Protocol by Russia, which is aiming to convert its *hot air allowance* of emissions into trades with the world's major polluters. Although the market for carbon crashed in May 2006 when emissions measurements in the European Trading System proved severely flawed, the amount of trade during the previous quarter reached \$7.5 billion, up from an average \$2.7 billion per quarter during 2005 (World Bank, 2006, p. 159).

Given US dependence on imported oil, which rose in price from \$12 a barrel to more than \$70 a barrel over seven years following 1998 lows, the implications of this scale of speculation-driven price swing are devastating to the US trade deficit, which was already vast at 5 percent of GDP. Moreover, the US current account deficit — trade plus financial inflows — meant much more penetration by foreign capital. As recently as the early 1980s, the US net asset position against the rest of the world was 5 per cent of GDP, but this reversed to negative 30 per cent within two decades.

Ironically the power of the US to manipulate the economies of other countries, and lower the value of their exports, has not changed these ratios for the better. The US was the main beneficiary of East Asian countries' 50 per cent currency crash in 1997-98. As a result enormous capital flows entered the US banking system and imports from East Asia were acquired at much lower prices, thus keeping in check what might otherwise have been credit-fuelled inflation. But once the dot-com boom was finished in 2000, the US share of global foreign direct investment (FDI) fell substantially, even further than declining US-sourced outward FDI.

Where then would the US get its needed capital fixes, especially financial inflows to permit the payment of more than \$2 billion each workday required for imports and debt repayments? The foreign inflows were quite volatile,

but of greatest importance perhaps was the rapid rise in foreign — especially East Asian — ownership of aggregate US Treasury bills, from 20 per cent to 40 per cent over the course of a decade between the late 1990s and early 2000s. By 2005 foreign-owned assets within the US had overtaken US assets abroad by a vast 21 per cent (World Bank, 2006, 24). My mid-2006 the foreign reserves of the four leading Asian exporters had reached \$2.2 trillion.

Asian investments in US Treasury bills represented a substantial share of annual outflows of capital from the region, which by the mid-2000s were in excess of \$550 billion annually. With the US need for imported capital (its current account deficit) reaching \$800 billion by 2005, this was important not because the supply side of capital market funding is in any way constrained. There were year-end 2005 resources of \$152 trillion to draw upon within global capital markets, and an additional \$44 trillion in global GDP each year contributing ongoing surpluses to the markets. It should be evident that there is no shortage of liquid capital in the global markets, only a question of what rate of return will be required to maintain foreign interest in the US position. The US interest rate rose from 1 to 5.5 per cent from 2003-06.

These financial dynamics, mainly measured in local currencies (and sometimes converted to Purchasing Power Parity), must also be considered in light of the extreme swings in the dollar's price against other currencies over the past decade. The US\$/Yen appreciation from mid-1995 to mid-1998 was 82 per cent, and the subsequent crash was 30 per cent. The equivalent figures for the euro were a 63 per cent rise (mid-1995 to late 2000) and a 36 per cent fall from late 2000-early 2004 (and indeed, a 57 per cent fall through late 2004). From 2004 to 2006 another 15 per cent decline was recorded. Indeed, as former US Labor secretary Robert Reich predicted in September 2004, "I see at some point a tipping point [leading to a run on the dollar] where East Asian banks that have been trying to prop up the dollar, maintaining their exports, because at some point it becomes a lousy investment" (Baxter, 2004). Former Treasury secretary Robert Rubin accused the Bush administration of

"playing with fire" through its policies of dollar weakening alongside continuing federal deficit spending, a combination which would generate "serious disruptions in our financial markets" (Simon, 2004). These currency uncertainties remain crucial at the time of writing (the end of 2007). It is worth noting that new international debt securities issued in dollars have been substantially lower than those denominated in euros. The same trends appeared in 2001 in syndicated credit facilities.

The July 2005 decision by the Chinese and Malaysian central banks to shift from the dollar as the peg to a basket of currencies, while initially resulting in a minor 2.5-per-cent revaluation, may set the stage for the oft-heralded run on the dollar, which in turn could set off a chain reaction of contractionary processes. In the meantime, severe volatility has affected other markets, such as interest rate futures and options, as well as over-the-counter trading which have seen volume increases by up to 50 per cent, to levels in the tens of trillions of dollars during the early 2000s. Although the dollar will remain the preferred central bank reserve currency, the euro — which came into being only in January 2002 — is racing ahead in cash terms, surpassing the \$760 billion in circulation in December 2006. Again, if the trends continue, the "tipping point" at which the dollar is rejected as the global currency may be quite near, with all manner of volatility and instability likely.

Because the US is not only vulnerable on its own monetary terms but also dangerous to those countries, like China, with increased dollar reserves, the devaluation of the dollar and the rise of US interest rates will reverberate far. According to the World Bank's *Global Development Finance* report in 2005:

Historically, virtually every cyclical monetary policy turn in the United States over the past two decades has been accompanied by heightened volatility in emerging financial markets, with direct implications for the level and price of capital flows. The 1994 tightening cycle, which raised the Fed funds rate from 3 to 6 percent in just over a year, had particularly severe consequences, causing turmoil in

financial markets and reducing global liquidity. On the other hand, the global monetary easing that began in the fall of 1998 helped end the 1997/98 round of crises (World Bank, 2005a, p. 53).

Extreme unevenness has adversely affected the middle-income emerging markets, with capital inflows falling during the 1997-98 Asian crisis resulting in a net outflow of financial capital started in 1999, as \$550 billion flooded out from 2000-03. The switch from mutual funds to far more speculative hedge fund interests in the emerging markets in 2001 was indicative of post-crisis financial market sentiment. Some countries — China, India and Malaysia — maintained stronger currency controls and hence did far better during this period. But, given the outflow, many emerging market economies themselves suffered extreme currency and stock market crashes during 2001-02, with Argentina, Venezuela, Brazil, South Africa and Brazil especially hard hit.

There were particularly tumultuous sectors within the emerging markets, with energy, materials and luxury consumer goods growing rapidly, financial sector shares fluctuating, and telecommunications losing ground. Emerging market bonds have required high returns to attract foreign buyers, especially in Nigeria, Bulgaria, Ecuador, Panama, Peru, Russia and Venezuela. As for local bond returns, the interest rate spreads are sometimes stratospheric, such as in high-risk sites like Argentina, Côte d'Ivoire and the Dominican Republic. The dollar rates of return on general emerging market debt during the early 2000s, in international markets, were highest in Uruguay and Argentina, and lowest — indeed negative — in Brazil, Peru and the Dominican Republic. Naturally the vast GDP growth and financial market expansion of China dominates the data and complicate matters. In the wake of a dramatic FDI decline in nearly all other developing countries during the early 2000s, China continued to attract \$40-50 billion each year.

Hence we find amplified uneven development reflected in divergent patterns of financial stability and volatility in these emerging markets. One figure that signals perhaps the greatest danger for the Third World is capital outflow

via unofficial routes, an especially severe problem since the mid-1990s in Asia (peaking at \$100 billion in 1998), the Middle East (\$50 billion in 1999) and Africa (\$10 billion in 1998), according to the International Monetary Fund's *Global Financial Stability* reports.

Another factor reflecting potentially high risks is foreign indebtedness. Third World debt rose from \$580 billion in 1980 to \$2.4 trillion in 2002 and much of it is unrepayable. Unlike the US, the Third World cannot resort to seignorage by printing its own currency to repay. In 2002 there was a net outflow of \$340 billion in servicing this debt, compared to overseas development aid of \$37 billion. As Eric Toussaint (2004, p. 3) remarks, "since 1980, over 50 Marshall Plans (over \$4.6 trillion) have been sent by the peoples of the Periphery to their creditors in the Centre" (see also Toussaint, 2003). The highly indebted poor countries (HIPC's) debt relief concessions were small and came at the expense of deepened neo-liberal conditionality.

By 2005 Argentina and Nigeria represented compelling cases of, respectively, a successful partial (70 per cent) default on international bonds and threatened repudiation of foreign debt driven by parliament and debt activists. By October 2005 Nigeria had "won" debt cancellation following an agreement with Paris Club countries owed \$30 billion. These were Austria, Belgium, Brazil, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Russia, Spain, Switzerland, the UK and US. But there was a huge price. Nigeria, \$6.3 billion in arrears, would first pay \$12.4 billion in up-front payments. According to the leader of Nigeria's Jubilee network, Rev. David Ugolor:

The Paris Club cannot expect Nigeria, freed from over 30 years of military rule, to muster \$12.4 billion to pay off interest and penalties incurred by the military. Since the debt, by President Obasanjo's own admission, is of dubious origin, the issues of the responsibilities of the creditors must be put on the table at the Paris Club. As desirable as an exit from debt peonage is, it is scandalous for a poor debt distressed country, which cannot afford to pay

\$2 billion in annual debt service payments, to part with \$6 billion up front or \$12 billion in three months or even one year (Jubilee USA, 2005).

In some cases, like Nigeria, emerging market countries' foreign reserves grew substantially thanks to oil revenues, so as to permit this extraordinary incident. But even in Mexico, which increased reserves from \$6 billion in late 1994 at the peak of crisis to \$60 billion a decade later, the reserves/GDP ratio remained relatively low at 9.4 per cent, near Brazil's. Emerging market countries with extremely healthy reserves during the mid-2000s included Malaysia (42 percent of GDP), the Czech Republic, Thailand, China and South Korea. However, Malaysia did suffer a raid on its reserves in 1998, which led to the government's prohibition of foreign trade in its local currency, proving that once hedge markets and other speculators turn against a country, no amount of reserves can help withstand a raid. The governments of Thailand and Korea lied about their reserves in the period prior to their crises, with the former buying forward dollar contracts and the latter keeping dollars in bankrupt banks. Only state intervention to define trading prerogatives, in the form of exchange controls, would staunch the flow.

Likewise, it is important to again raise the alternative to debt repayment: sovereign default. In prior epochs of financial globalization — the 1830s, 1880s and 1930s — the prevailing conditions of international volatility and Third World over-indebtedness led to sustained defaults, with a third of all debtor countries refusing to repay. The situation today is different insofar as centralized creditor cartelization through the Bretton Woods institutions and the Paris Club (the main donor cartel) make defaults against individual lenders or investors more difficult. Yet given the failure in many Third World countries to under-gird the ongoing rise in foreign debt with foreign direct investment (or local investment), the repayment problem may become severe once again, as US interest rates are forced upwards.

## Conclusion: Implications for public health, popular politics and public policy

What finally are the strategic implications for contemporary politics and public policy, and for public health? While the latter point is largely beyond the scope of a short research paper, we can posit trends that have some important lessons for future strategies to promote health care and mitigate disease burdens.

The problems of health care associated with and largely *caused by* globalization follow from the volatile political economic processes (including South-North resource drain) and hostile geopolitical environment discussed above. To be sure, however, there are defenders of globalization, such as the World Bank's David Dollar (2001, 827) who makes four points:

1. First, economic integration is a powerful force for raising the incomes of poor countries. In the past 20 years several large developing countries have opened up to trade and investment, and they are growing well—faster than the rich countries.
2. Second, there is no tendency for income inequality to increase in countries that open up. The higher growth that accompanies globalization in developing countries generally benefits poor people. Since there is a large literature linking income of the poor to health status, we can be reasonably confident that globalization has indirect positive effects on nutrition, infant mortality and other health issues related to income.
3. Third, economic integration can obviously have adverse health effects as well: the transmission of AIDS through migration and travel is a dramatic recent example. However, both relatively closed and relatively open developing countries have severe AIDS problems. The practical solution lies

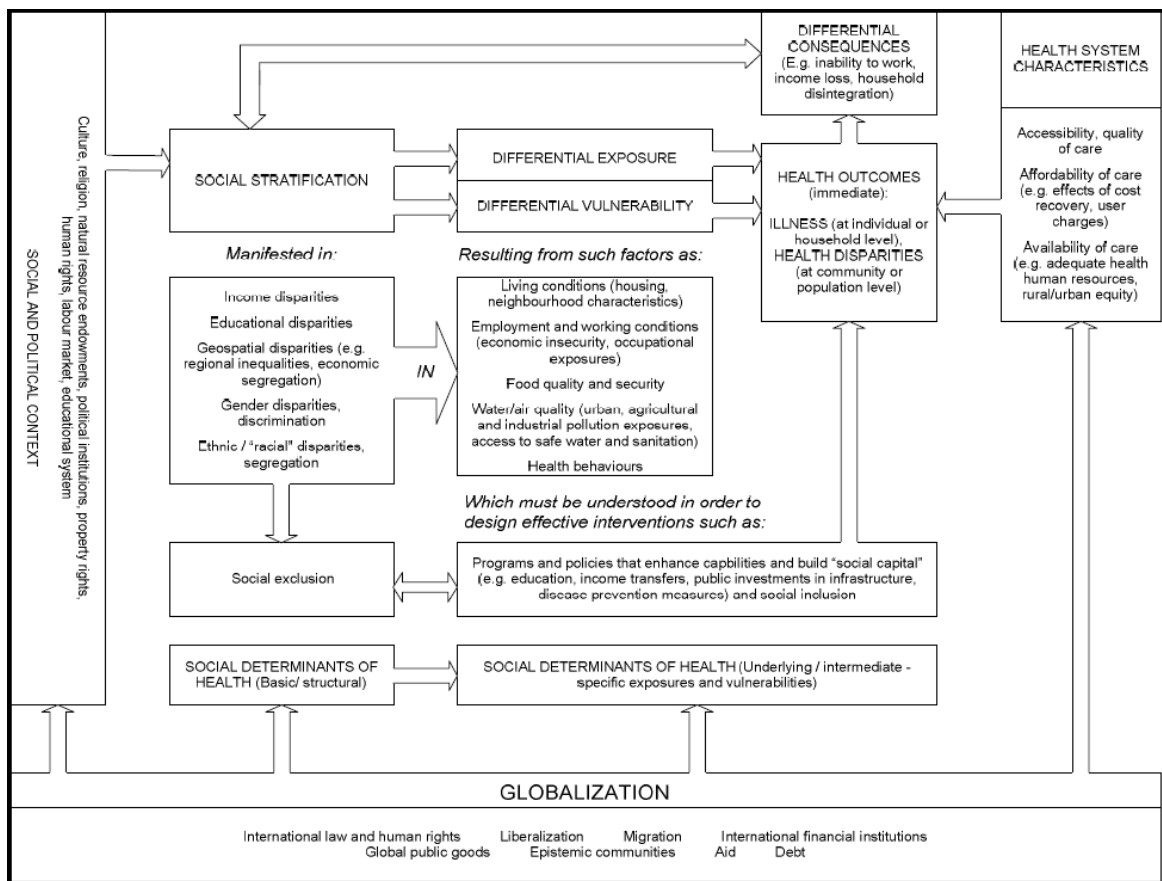
in health policies, not in policies on economic integration. Likewise, free trade in tobacco will lead to increased smoking unless health-motivated disincentives are put in place. Global integration requires supporting institutions and policies.

4. Fourth, the international architecture can be improved so that it is more beneficial to poor countries. For example, with regard to intellectual property rights, it may be practical for pharmaceutical innovators to choose to have intellectual property rights in either rich country markets or poor country ones, but not both. In this way incentives could be strong for research on diseases in both rich and poor countries.

Each point can be rebutted. Indeed the World Bank's own review of its research output since 1998 cites the work of Branko Milanovic criticizing Dollar on the first two points. It observes from Dollar "a serious failure in the checks and balances within the system that has led the Bank to repeatedly trumpet these early empirical results without recognizing their fragile and tentative nature. As

we shall argue, much of this line of research appears to have such deep flaws that, at present, the results cannot be regarded as remotely reliable, much as one might want to believe the results." In contrast, Milanovic "was providing extensive empirical evidence of increasing income and consumption inequalities in the world, and taking a much more jaundiced view of the benefits for the poor of growth and of globalization" (Banerjee *et al*, 2006, p. 53). The third point about how to effect change in tobacco and AIDS problems relies on an active civil society *resisting* commodification and corporate power, as noted in coming pages. Finally, aside from a few cases (such as access to antiretrovirals as the result mainly of citizen activism), there are very few, if any, reforms feasible in today's global governance system, as argued more fully below.

Instead, a much more complex relationship between globalization and health-related processes, including system characteristics, is offered by Labonté (2006) and Labonté and Schrecker (2006):



What the information in the paper above adds to this framework is attention to *social and political context*, *social stratification*, and the basic structural *social determinants of health* that are affected by the strengths and weaknesses of health systems. Specifically the paper has argued, first, that geopolitical realignments that were in part responsible for neo-liberal policy ascendancy occurred through important power shifts reflected in roughly a dozen major *moments*. But these reflected underlying structural dynamics that emerged during the 1970s — stagnation, financial volatility and uneven development.

The public health sector is adversely affected by each of these, directly there are cuts in state resources for health care (or imposition of cost recovery which lowered low-income people's utilization rates) and structural adjustment's early and indeed ongoing orientation to privatization of state services. Indirectly there are worsening health conditions associated with unevenly experienced

unemployment, income inequality and workplace conditions which are the result of global capital's mobility and the limited scope for state employment-generation policies. Although this paper does not have the scope required to draw these links explicitly, one of the key insights from the literature on political economy and geopolitics is the problem of extra-economic resource extraction (accumulation by dispossession). This problem follows from market interrelationships with both non-market social and ecological systems, and with important implications for resources that might otherwise be channelled into building strong public services.

Politically, the stress caused by stagnation and volatility has been exacerbated by the conjoining of neo-liberal and neo-conservative forces. In the appendix, the five major ideological orientations of contending forces are considered. Although these ideologies seemed to have firmed over the past decade, none of the five orientations

has overcome internal contradictions sufficiently so as to represent an unproblematic approach to public policy. To illustrate, the US neoconservatives are, in 2008, on the defensive not only because of military defeats, political unpopularity and economic stress, but also because of socio-cultural features such as divergent religious influences and disputes over how to best protect culture, patriarchy, and state sovereignty. The neoliberal bloc, stretching from Washington through most of Europe's major capitals to Japan, has also suffered from an inability to overcome the durable economic crisis on its own terms. There have, as well, been differing reactions to the US imperial agenda, due to divergent national-capitalist interests and domestic political dynamics. And yet the neoconservatives and neoliberals have generated a working partnership on most multilateral matters that, in turn, has foiled global-scale reforms necessary for human health and welfare, not to mention the environment.

The reform-oriented Post-Washington Consensus agents and key personalities (Joseph Stiglitz, Jeffrey Sachs, George Soros, etc) have, indeed, failed to achieve meaningful gains in global governance venues, since the last moment of success, the 1996 chlorofluorocarbon ban in Montreal. Largely because of the adverse power relations that follow from the economic and geopolitical processes discussed above, the world's reformers face several daunting problems:

1. In relation to geopolitical tension, the lack of peace settlements (or indeed prospects) in the Middle East, Gulf, central Asia, central Africa and the Horn of Africa, with a looming war involving the US, Iran and probably Israel and oft-predicted long-term inter-imperial conflicts between the US and China.
2. On United Nations democratization, the inability to expand the Security Council in recent heads-of-state summits, notwithstanding pressure from aspirant members Japan, Germany, India, Brazil, Nigeria and South Africa.

3. On trade, repeated delays in concluding the Doha Round of World Trade Organization negotiations.
4. In international finance, ongoing contagion of turbulence (including bursting market bubbles, bankruptcies and volatile currencies), extremely high – and growing – current account deficits in the US and other countries, World Bank legitimacy crisis, worsening IMF financial deficits, and US/EU resistance to Bretton Woods reform as witnessed by the leadership appointments in 2007 of two men from the neoconservative/neoliberal power structure, Robert Zoellick (World Bank) and Dominique Strauss-Kahn (IMF).
5. Environmentally, the failure of the EU and supportive low/middle-income states to defend, much less decisively expand the Kyoto Protocol, as the 2007 Bali and 2008 G8 meetings failed to make sufficient breakthroughs to halt and reverse potentially catastrophic climate change (and with respect to other global ecological management problems arising in freshwater, maritime resources, trade in toxics, species extinction and the like, there has been very little or no progress).
6. An overall 'global apartheid' structure in terms of economics, political power, culture, public health and social services, through which most measures of inequality and genuine progress continue worsening, making mockery of the (already relatively unambitious) Millennium Development Goals (MDGs).

The main hope for a global-reform project appears to be anchored on the MDGs and associated targets in particular, and the United Nations as a vehicle for global governance more generally. Yet the UN has drifted away from serving the interests of poor people and into the circuit of global neo-liberal power. The UN's 1991-2003 sanctions against Iraq and its endorsement of the illegal US occupation on May 22, 2003 were also a source of

great concern to peace activists. Subsequent attempts to democratize the UN Security Council appear stalled, or watered down to the point of uselessness. Most striking is the list of mid-2000s multilateral system managers who fuse neo-liberalism and neo-conservatism:

1. The European Union chose Spanish neo-conservative Rodrigo Rato as IMF managing director in mid-2004.
2. The new head of UNICEF, chosen in January 2005, was George W. Bush's (or Bush II's) agriculture secretary Ann Veneman, although the US and Somalia are the only two out of 191 countries that refused to ratify the United Nations Convention on the Rights of the Child.
3. For another key UN post in February 2005, the outgoing neo-liberal head of the World Trade Organization, Supachai Panitchpakdi from Thailand (who served US and EU interests from 2003 to 2005), was chosen to lead the United Nations Conference on Trade and Development.
4. Paul Wolfowitz — the architect of the illegal US-UK-Coalition of the Willing war against Iraq — was appointed to head the World Bank in March 2005, and when in June 2007 he was forced out due to petty nepotism, was replaced by fellow neocon Robert Zoellick, formerly Bush administration US Trade Representative and member of the Project for a New American Century (hence signatory to a 1998 letter to Bill Clinton advocating an invasion of Iraq on grounds that 'American policy cannot continue to be crippled by a misguided insistence on unanimity in the UN Security Council');
5. The European Union's hard-line trade negotiator Pascal Lamy won the directorship of the World Trade Organization a few weeks later.
6. Neo-liberal former World Bank spokesperson Mark Malloch-Brown took up a central job in then UN Secretary-General Kofi Annan's office.
7. Neo-conservative US State Department official Christopher Burnham became UN Undersecretary-General for management.
8. Another State Department official and former *Washington Times* editor, Josette Sheeran, was made director of the UN World Food Programme in spite of dubious links for 20 years with Rev. Sun Myung Moon's Unification Church.
9. To ensure that Washington's UN directives retained powerful — bullying and often sinister — force, Bush appointed the notorious John Bolton as US Ambassador in mid-2005, and in December 2006, after the Democrat-controlled Congress refused to endorse Bolton, replaced him with former US Ambassador to occupied Iraq, Zalmay Khalilzad.

The point of such a list is that already by September 2005, when a heads of state summit attempt to reform the UN Security Council failed, it was evident that the neo-conservative fusion with neo-liberalism provided very little room for manoeuvre. As South African President Thabo Mbeki (2005) put it at the time,

The powerful, some of whom are weapons states, use their power to perpetuate the power imbalance in the ordering of global affairs. As a consequence of this, we have not made the progress of the reform of the UN that we should have. Because of that, we have the result that we have not achieved the required scale of resource transfer from those who have these resources, to empower the poor of the world to extricate themselves from their misery. Simply put, this means that the logic of the use of power is the reinforcement of the might of the powerful, and therefore the perpetuation of the disempowerment of the powerless.

By early 2007 it was yet more evident that multilateral institutions — not just the Bretton Woods institutions and WTO but also the UN system — are incapable of moving to a reform agenda, given the power of hard right forces. In this context, the UN MDGs as a campaigning handle require detailed consideration, because of their 2005 adoption by global campaigns such as Make Poverty History, Live 8 rock concerts and the Global Call for Action Against Poverty.

Of course, no one would object to the broad goals:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality
4. Reduce child mortality
5. Improve maternal health
6. Control HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

Yet the MDG process and the concrete strategies for achieving these objectives may do more harm than good. This includes privatization of basic services such as water and electricity. For example, in promoting the privatization of water in Ghana, a Johannesburg *public* water company (Rand) cited the MDGs as the rationale for its switch to a for-profit function elsewhere on the continent (Lushaba, 2005).

Caribbean economist Peggy Antrobus (2003) terms them “a Major Distraction Gimmick” because central to MDG political economy is that the Bretton Woods institutions and WTO, acting mainly for G8 governments and corporations, appear intent on bringing ever more aspects of life under the rules of commodification, attributing market values to society and nature. Hence, as the UN itself admits, “IMF programme design has paid almost no systematic attention to the [MDG] goals when considering a country’s budget or macroeconomic framework.”

A 2005 UN report complains that “[i]n the vast number of country programmes supported by the IMF since the

adoption of the goals, there has been almost no discussion about whether the plans are consistent with achieving them.” The report documents how budget constraints prevent scaling up sectoral strategies for some of the MDGs, and that in some cases, “countries are advised not to even consider such scaled-up plans” by the Bretton Woods institutions (Waruru, 2005). UN Habitat’s (2005) website also admits “the common criticism of MDG as a ‘top-down’ process, which excludes Local Authority and other stakeholders’ involvement... There is, thus, an inherent danger that even if the targets are achieved, the inequalities within a nation across people and places would still persist.” In short the MDGs are not an optimal site to advance social change, in part because they are subject to both the processes identified earlier as central to economic crisis-displacement, commodification and globalization.

Many of the dilemmas associated with global governance reform considered above suggest that, instead of top-down corrections, it is worth focusing on bottom-up pressure. In many parts of the world what Karl Polanyi (1957, p. 76) describes as “double movement” is already reasserting itself. He describes this as popular resistance through which “the extension of the market organization in respect to genuine commodities was accompanied by its restriction”. This is occurring both through the rejection of market power in many areas of life and nature and in the reduction in scope and scale through which capital exerts itself. But it is especially in the middle-income, semi-peripheral countries that commodification and economic globalization are most fiercely experienced, and most actively resisted.

In no particular order consider: recent waves of labour strikes, popular mobilizations for AIDS treatment and other health services, illegal reconnections of water/electricity, land and housing occupations, anti-genetically modified organisms (GMO) and pro-food security campaigns, women’s organizing, municipal budget campaigns, student and youth movements, community resistance to displacements caused by dam construction and the like, anti-debt and reparations movements, environmental justice struggles, immigrants’ rights

campaigns, political movements to take state power, etc. Although subsequent years have not witnessed such intense confrontations, in the wake of the Seattle anti-WTO protests a large body of literature emerged — also well as indicators like the World Social Forum’s continuing success — to suggest counter-hegemonic citizens’ movements are still vibrant (Alvarez, Dagnino & Escobar, 1998; Amin & Houtart, 2003; Anand, Escobar, Sen & Waterman, 2007; Bircham & Charlton, 2002; Callinicos, 2003; Fisher & Ponniah, 2003; Kingsnorth, 2003; Smith & Johnston, 2002; Starr, 2000; Waterman, 2001).

These are not purely scenes that occur outside the realm of state politics. In many Latin American sites (especially in Venezuela, Bolivia and Ecuador), mass-popular initiatives have changed governments through votes and protests. Overall the last quarter century since the onset of neo-liberalism, and especially the last decade, witnessed a formidable upsurge of unrest: from IMF riots in the 1980s and 1990s to Zapatismo in 1994, to autonomist protests and the revival of the Latin American left. In the process, the most serious activists are crossing borders, races, classes and political traditions in sector after sector: land (Via Campesina), health care (International Peoples Health Movement), free schooling (Global Campaign for Education), water (People’s World Water Forum), energy/climate change (the Durban Declaration), debt (Jubilee South), democratic development finance (IFIs-Out! and World Bank Bonds Boycott), trade (Our World is Not for Sale) and others.

For these movements, what strategies are most appropriate given the circumstances and this array of forces? Some in the Global Justice Movements insist that autonomist independence is the objective. Some posit that this is the era of global governance influenced by global civil society. Others consider these as seedbed struggles for socialism, starting locally but building to national, regional and international scales when the power relations are less adverse (my own position). Although this is not the optimal site for such a debate, it is fairly obvious that Zapatismo in Chiapas has ended its localist project and moved to a national agenda, in alliance with other

indigenous and progressive movements. Argentine factory occupations appear to have hit their maximum autonomist strength at the stage when it reached roughly 200 sites and 15,000 participants. In the wake of its betrayal by the Workers Party, Brazilian landless activists are reformulating critiques of the national state, making yet more militant demands for state services such as interventions against major landowners and grid connections to water and electricity services for their occupied lands. Johannesburg’s Anti-Privatisation Forum and its affiliates — sometimes identified as autonomist because of their reconnection of electricity — have recently debated the adoption of an explicitly socialist manifesto. Hence, autonomism may be at the point of exhaustion, potentially to be renewed by more national-scale political initiatives.

However, there are two other mutually reinforcing approaches available at this present stage, ahead of a future effort to rebuild genuine democratic global governance when the conditions are more amenable. They are *decommodification* and *deglobalization* (Bello, 2002). It is clear the use of these terms does not indicate a revival of autarchic experiences (Albania and Burma in the last century) or corrupt Third World chaos (Zimbabwe today) or authoritarianism (much of Africa and in Latin America from the 1960s to the 1960s). The strategic formula which South African progressives, among other movements, have broadly adopted — internationalism combined with demands upon the national state to “lock capital down” (Bond, 2003) — could begin by removing the boots of multilateral neo-liberal institutions and private capital from Third World necks. As an example of what must be done, the World Bank Bonds Boycott is having remarkable success in defunding the institution that is most often at the coalface of neo-liberal repression across the Third World (Bond 2006a, Chapter 12).

In addition, South Africans and other activists have won dramatic victories in deglobalizing the Trade Related Intellectual Property Rights (TRIPS) regime by demanding and winning generic antiretrovirals instead of brand name, monopoly-patented drugs. Similar struggles are underway to deglobalize food, especially transnational corporate

GMOs, to halt bio-piracy, and to kick out the water and energy privatizers. These are typically *non-reformist reforms* insofar as they achieve concrete goals and simultaneously link movements, enhance consciousness, develop the issues, and build democratic organizational forms and momentum. If properly constructed, they would have explicitly liberating gender/race/nation components, and incorporate both red and green values so as to assure the connectivity and mutual reinforcement of *militant particularist* struggles.

To illustrate, the South African decommodification agenda entails struggles to turn basic needs into genuine human rights. Invariably there are international corporations or the World Bank/IMF/WTO standing squarely in the way. Recent and ongoing campaigns that both decommodify and deglobalize include:

1. Free antiretrovirals to fight AIDS.
2. 50 litres of free water per person per day (hence ridding Africa of the Paris-based water company Suez and other water privatizers).
3. 1 kilowatt hour of free electricity for each individual every day (hence reorienting energy resources from export-oriented mining and smelting, to basic-needs consumption).
4. Extensive land reform (hence de-emphasizing cash cropping and export-oriented plantations).
5. Prohibitions on service disconnections and evictions.
6. Free education and other state programs (hence rebuffing the General Agreement on Trade in Services - GATS).

A free *basic income grant* allowance of \$15 per month — available on a universal basis and financed by higher income taxes — is even advocated by South Africa's churches, NGOs and trade unions. All such services should be universal (open to all, regardless of income levels, hence de-stratified) and, to the extent feasible, financed through higher prices that penalize luxury consumption.

Far superior to MDGs, in part because the agenda reflects real durable grassroots struggles across the world, this potentially unifying agenda could serve as a basis for wide-scale social change. If based on the strategies of decommodification and de-stratification, this would follow the logic that Gosta Esping-Andersen (1991) identified with respect to emerging Scandinavian social policy even during periods when surpluses were as small as those in middle-income countries today. The key elements are class alliances between workers and peasants and the rise of political parties that are committed to these class forces, as appears now the case in parts of Latin America.

It is impossible to say where and how far these initiatives and movements will proceed before they either accomplish their goals or are defeated. However, because the commodification of everything is still underway, this could provide the basis for a wide-scale movement for fundamental social change. That is if it is linked to the demand to *rescale* many political-economic responsibilities that are now handled by embryonic world-state institutions under the influence of neo-conservative or neo-liberal US administrations. To make any progress, delinking from the most destructive circuits of global capital will also be necessary, combining local decommodification strategies and tactics with the call to defund and then close the World Bank, IMF and WTO. (The earlier General Agreement on Tariffs and Trade plus North-South concessions like Lome were far preferable for Third World interests.)

Beyond that, the challenge for progressive forces, as ever, is to establish the difference between *reformist reforms* and reforms that advance a *non-reformist* agenda. The latter would include generous social policies stressing decommodification, and capital controls and more inward-oriented industrial strategies allowing democratic control of finance and ultimately of production itself. As well, it would allow the promotion of health improvements that are currently precluded by the forces of volatile political economy and hostile geopolitics.

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## Appendix: Actors, positions and debates

Political current:	Global Justice	Third World Nationalism	Post-Wash. Consensus	Washington Consensus	Resurgent Rightwing
<b>Tradition</b>	socialism, anarchism	<i>national</i> capitalism	(lite) social democracy	Neo-liberalism	Neo-conservatism
<b>Main agenda</b>	“deglobalization” of <i>capital</i> (not <i>people</i> ); “globalization-from-below”, international solidarity; anti-war; anti-racism; indigenous rights; women’s liberation; ecology; “decommodified” state services; participatory democracy	increased (but fairer) global integration via reform of interstate system, based on debt relief and expanded market access; reformed global governance; regionalism; rhetorical anti-imperialism; and Third World unity	fix “imperfect markets;” add “sustainable development” to existing capitalist framework via UN and similar global state-building; promote a degree of global Keynesianism; oppose U.S. unilateralism and militarism	reform neo-liberalism with provisions for “transparency”; self-regulation and bail-out mechanisms; co-opt potential emerging-market resistance; offer financial support for USA-led Empire	unilateral petro-military imperialism; crony deals, corporate subsidies, protectionism and tariffs; reverse globalization of people via racism and xenophobia; religious extremism; patriarchy and bio-social power
<b>Leading institutions</b>	social movements; environmental justice activists; indigenous people; autonomists; radical activist networks; leftist labor movements; liberation theology; radical think-tanks (e.g., Focus on the Global South, Global Exchange, IBASE, IFG, IPS, Nader centers, TNI) <sup>a</sup> ; radical media ( <i>GreenLeft Weekly</i> ; Indymedia Pacifica, Pambazuka, zmag.org); semi-liberated zones (Bolivarian projects, Kerala); sector-based or local coalitions in the WSF (World Social Forum)	Non-Aligned Movement, G77 and South Center; self-selecting regimes (often authoritarian): Argentina, Brazil, China, Egypt, India, Indonesia, Kenya, Libya, Malaysia, Nigeria, Pakistan, Palestine, Russia, South Africa, Turkey, Uganda, Zimbabwe with a few—Bolivia, Cuba, Ecuador and Venezuela—that lean left; <i>Aljazeera</i> , supportive NGOs (e.g., Seatini, Third World Network)	some UN agencies (e.g., UNICEF, WIDER; some INGOs (e.g., CARE, CIVICUS, IUCN, Oxfam, TI) <sup>b</sup> ; large enviro. groups (e.g., Sierra Club and World Wildlife Federation ); big labor (e.g., ICFTU and AFL-CIO) <sup>c</sup> ; liberal foundations (Carnegie, Ford, MacArthur, Mott, Open Society, Rockefeller); Columbia U. economics department; the Socialist International; Norway	U.S. State (Fed, Treasury, USAID); corporate media, IT (information Technology) and financiers; World Bank, IMF, WTO; elite clubs (Bilderburgers, Trilateral Commission, World Economic Forum); some UN agencies (UNDP, UNCTAD, United Nations Global Compact); universities and think-tanks (U. of Chicago economics, Cato Institute, Council on Foreign Relations, Adam Smith Inst., Inst. of International Economics, Brookings); BBC, CNN, <sup>d</sup> and Sky; most G8 states	Republican Party populist and libertarian wings; Project for a New American Century; right wing think-tanks (AEI, CSIS, Heritage Foundation, Manhattan Institute) <sup>e</sup> ; Christian Right institutions and media; petro-military complex and industrial firms; the Pentagon; rightwing media (Fox, <i>National Interest</i> , <i>Weekly Standard</i> , <i>Washington Times</i> ); proto-fascist European parties - but also Zionism and Islamic extremism

Notes: <sup>a</sup>/ Instituto Brasileiro de Analises Sociais e Economicas, International Forum on Globalization, <sup>h</sup>stitute for Policy Studies, Transnational Institute; <sup>b</sup>/ UNResearch Institute for Social Development, World Institute for Development Economics Research, International Union for the Conservation of Nature, Transparency International; <sup>c</sup>/ International Confederation of Free Trade Unions, American Federation of Labor and Congress of Industrial Organizations; <sup>d</sup>/ British Broadcasting Corporation, Cable News Network; <sup>e</sup>/ American Enterprise Institute