

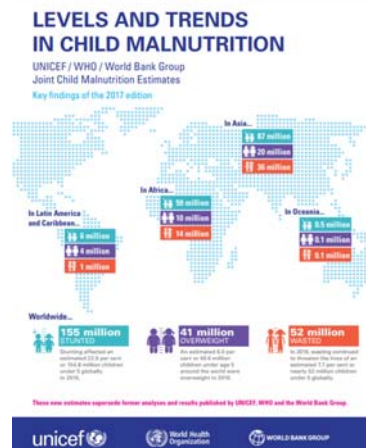
Food, hunger and NCDs - food regimes and neoliberal crisis

David Legge
2017

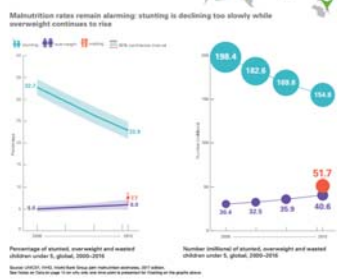
Overview

- Stunting, overweight, wasting and NCDs
- Agriculture: a global perspective (including global warming)
- Agro technology choices
- Land use choices / water use choices
 - meat production (and antibiotic abuse and biorisk)
 - biofuels
 - land grabbing
- Consumption choices
 - foodstuffs and technologies
 - value chains and markets
- Global food systems within the global economy: food regimes
- Global economic governance and food systems
- The crisis of over-production: the failed solutions of neoliberalism

Stunting, overweight, wasting and NCDs



GLOBAL OVERVIEW

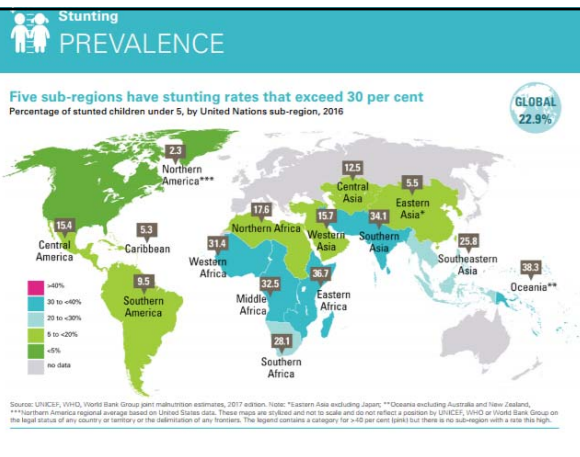


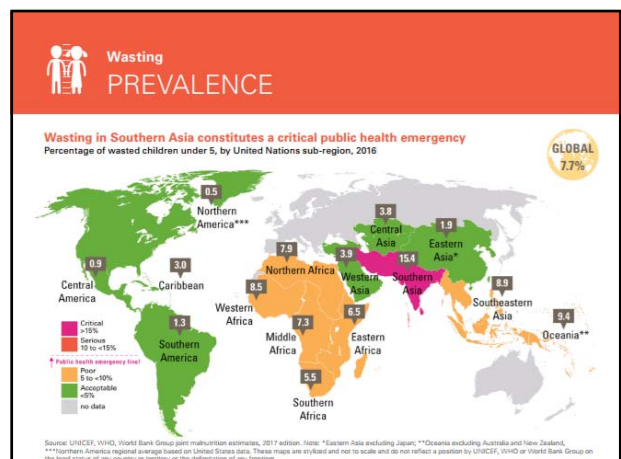
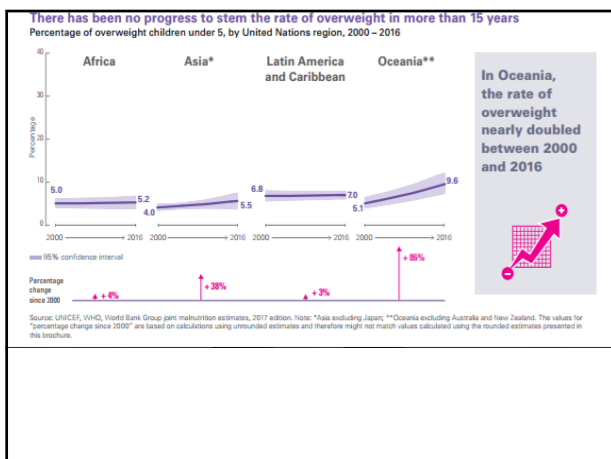
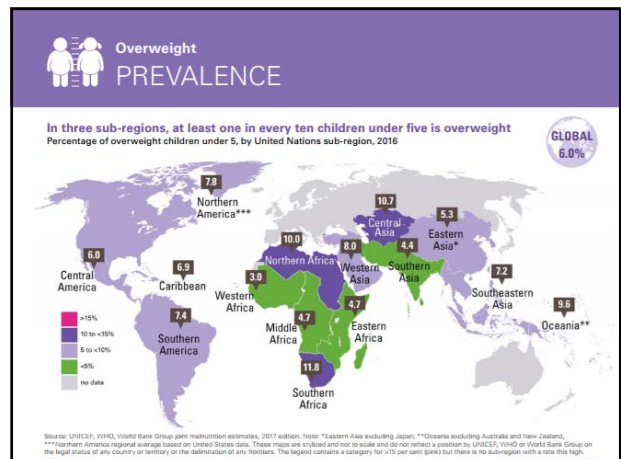
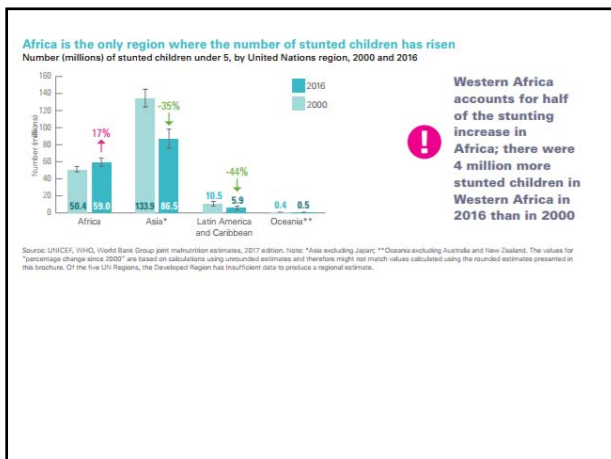
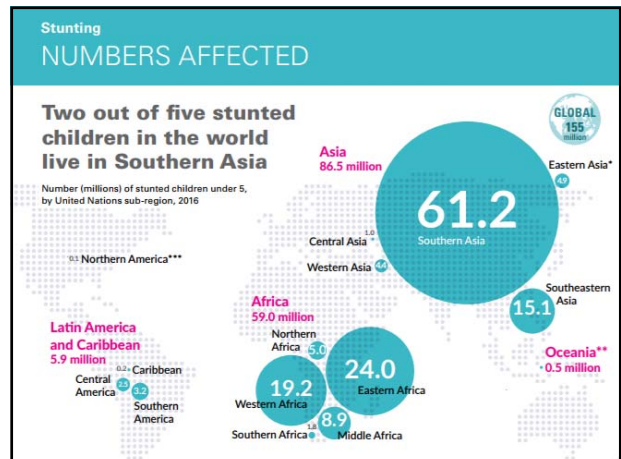
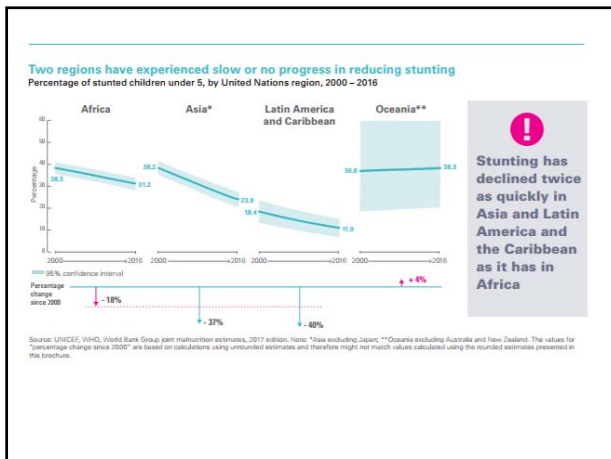
Africa and Asia bear the greatest share of all forms of malnutrition

- Asia 39%
- Africa 27%

In 2016, more than half of all stunted children under 5 lived in Asia and more than one third lived in Africa.

In 2016, almost half of all overweight children under 5 lived in Asia and more than one quarter lived in Africa.







- [Levels And Trends In Child Malnutrition UNICEF / WHO / WB Joint Child Malnutrition Estimates. Key findings of the 2017 edition](#)

RELATIONSHIP BETWEEN STUNTING AND OVERWEIGHT 3013

TABLE 2
The relationship between stunted and overweight status

Country, year	Age, y (n)	Prevalence of stunted children	Prevalence of overweight children	Prevalence of overweight in stunted children	Prevalence of overweight in nonstunted children	Relative risk of overweight being stunted	Confidence interval (for RR) ¹
%							
Russia	1994/5	3-6 (607)	12.2	12.2	48.6	7.1	6.8 (4.7, 9.9) ²
		7-9 (499)	5.6	6.2	35.7	4.5	8.0 (4.3, 14.8) ²
		3-9 (1106)	9.2	9.5	45.1	5.9	7.7 (5.6, 10.5)
China	1991	3-6 (1068)	32.4	8.2	17.0	4.0	4.2 (2.9, 6.3)
		7-9 (687)	26.6	9.5	20.8	5.4	3.9 (2.5, 6.0)
		3-9 (1755)	30.1	8.7	18.3	4.6	4.0 (3.0, 5.4)
1993		3-6 (949)	26.7	11.1	22.5	6.9	3.3 (2.3, 4.6)
		7-9 (688)	24.6	9.6	22.5	5.4	4.2 (2.7, 6.4)
		3-9 (1637)	25.9	10.4	22.4	6.3	3.6 (2.8, 4.7)
South Africa		3-6 (2467)	28.5	7.3	13.1	5.0	2.6 (2.0, 3.4)
Total Black and colored		3-6 (2220)	30.6	7.5	13.0	5.1	2.5 (1.9, 3.4)
Brazil		3-6 (6237)	16.6	4.0	3.5	4.0	0.9 (0.6, 1.2)
		7-9 (4872)	13.0	3.1	3.4	3.1	1.1 (0.7, 1.3)
		3-9 (11109)	15.0	3.6	3.5	3.6	1.0 (0.7, 1.3)

¹ RR = relative risk.
² The relative risks for the two age groups are not equal.

Table 2 Nutritional status by age and ethnicity (n=7555)

Age	Obese or overweight ^a		Stunted ^b		Obese/overweight and stunted		
	Non-indigenous (%)	Indigenous (%) ^c	Non-indigenous (%)	Indigenous (%)	DIR ^d	DIR ^d	
24-36 months (n=1770)	19.8	22.4	NS	17.5	33.1	***	4.7
37-48 months (n=2145)	23.7	25.2	NS	21.7	35.7	***	5.9
49-60 months (n=2081)	23.7	22.6	NS	21.3	42.7	***	5.4
61-72 months (n=2232)	19.6	17.1	NS	20.0	39.3	***	5.9

NS: not significant, *** $p < 0.0001$.
^a Obese or overweight defined as body mass index for age ≥ 85 th percentile.
^b Stunted defined as height-for-age z -score (HAZ) < -2 s.d. below median.
^c Indigenous defined as an indigenous language being spoken at home.
^d Statistical testing (tests for proportions for percentages, adjusted for sampling design)

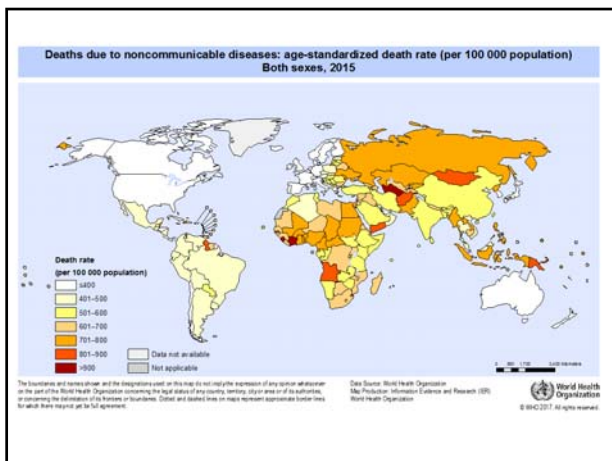
Fernald, L. C. and L. M. Neufeld (2006). "Overweight with concurrent stunting in very young children from rural Mexico: prevalence and associated factors"

Stunted and overweight Indonesian children 2705

Table 2 Prevalence of concurrent stunting and overweight among children aged 2-0-4-9 years (n 4101), Indonesian Family Life Survey

Variable	Stunting and overweight		Unadjusted		Adjusted [†]			
	%	95% CI	OR	95% CI	P	OR	95% CI	P
Prevalence in each wave								
Wave 1 (1992)	6.4	5.0, 8.2			Ref.			
Wave 2 (1997)	6.8	5.3, 8.6	1.09	0.76, 1.59	0.609			
Wave 3 (2000)	5.2	4.0, 6.8	0.81	0.55, 1.20	0.309			
Wave 4 (2007)	7.2	6.0, 8.8	1.29	0.93, 1.80	0.124			

Rachmi, C. N., et al. (2016). "Stunting coexisting with overweight in 2-0-4-9-year-old Indonesian children: prevalence, trends and associated risk factors from repeated cross-sectional surveys." *Public Health Nutrition* **19(15): 2698-2707.**

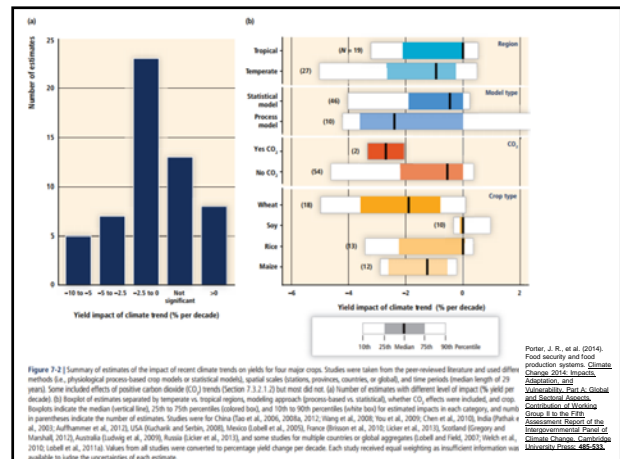


- [Probability of dying from NCD 30-70](#)
- [WHO GHO NCDs portal](#)

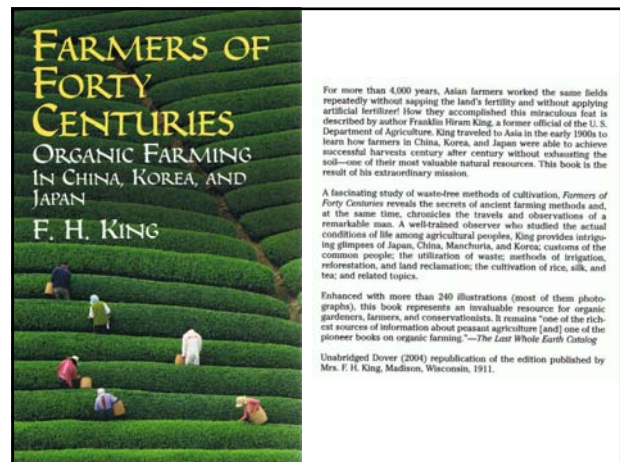
Agriculture Globally

- 7 billion hectare emerged land (including forest and savannah lands)
- 3.7 b ha land area with potential for rain-fed cultivation
- 1.5 b ha under crops (maximum of 1.7 billion ha of available)
- 450m small farmers,
 - 2 b employed
 - 50% world food production

The High Level Panel of Experts on Food Security and Nutrition. "Land Tenure and International Investments in Agriculture". Rome: Committee on Food Security, FAO, 2011.



Agro technology choices



Green revolution (from 1940s)

- Productivity increases
 - more inputs
 - fertilisers
 - herbicides & pesticides
 - energy (machines)
 - water
 - patented seed varieties
 - hybrids
 - GMOs
- Impact on food security / sovereignty
 - loss of market share
 - dependence on imports
 - power and profit for TNCs (Bayer, Monsanto, etc)
- Impacts on small farmers
 - unemployment from import competition (mechanised broad acre farming supported by cheap energy)
 - peonage (dependence on seeds, herbicides & pesticides, fertilisers, and credit)
 - toxicity
 - urban migration
- Impact on environment
 - use of water
 - soil degradation
 - run-off
 - energy

Large scale industrial farming

- Input intense: seeds, herbicides, pesticides, fertiliser, water, energy and credit
- Biased towards meat (stockfeed), biofuels and junk (sugary beverages and packaged foods)
- Industrial meat production
- Integrated in global value chains managed by TNCs (including seeds, chemicals, manufacturing, and big finance)
- Supported through import protection and tariff barriers
- Regulated by WTO, PTAs & BITs

Small farming under pressure in developing countries

- Food self-sufficiency weakened by
 - structural adjustment (move to cash crops)
 - rich world protectionism
 - price volatility from speculation
- Social impact
 - farmer suicides
 - urban migration with huge slums in big cities
 - periodic food crises
 - food aid (surplus/subsidised) further jeopardises local farmers

Food sovereignty or food security?

- Food sovereignty
 - national food policy autonomy
 - small scale productive sovereignty
- Food security
 - continued dependence on imported foods from the protected North
 - small farms integrated within global value chains
 - input dependent
 - controlled by the procurement choices of processors and retailers
 - generating foreign currency

Land use choices (and water)

meat
biofuels
land grabbing

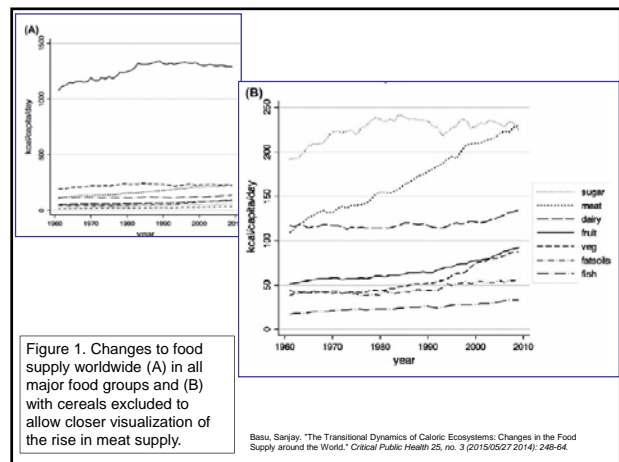
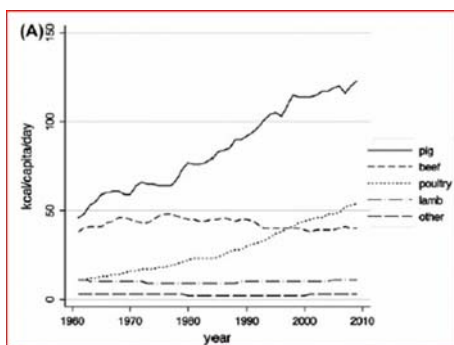
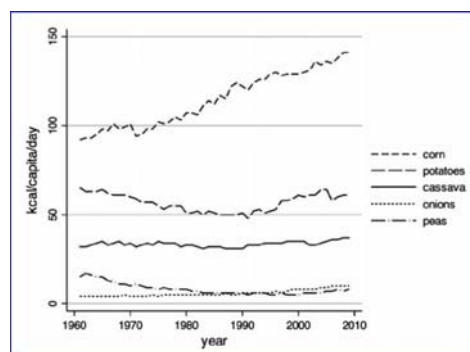


Figure 2. Rise in meat supply (worldwide)



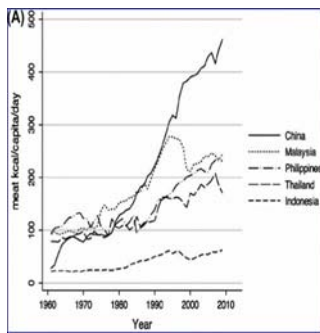
Basu, Sanjay. "The Transitional Dynamics of Caloric Ecosystems: Changes in the Food Supply around the World." *Critical Public Health* 25, no. 3 (2015/05/27 2014): 248-64.

Figure 3. Vegetable supply changes worldwide.



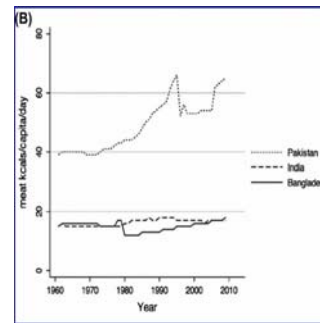
Basu, Sanjay. "The Transitional Dynamics of Caloric Ecosystems: Changes in the Food Supply around the World." *Critical Public Health* 25, no. 3 (2015/05/27 2014): 248-64.

**Intraregional supply changes:
(A) meat supply in Southeast Asia;**



Basu, Sanjay. "The Transitional Dynamics of Caloric Ecosystems: Changes in the Food Supply around the World." *Critical Public Health* 25, no. 3 (2015/05/27 2014): 248-64.

**Intraregional supply changes:
(B) relative stability in meat supply in South Asia despite economic growth in India**



Basu, Sanjay. "The Transitional Dynamics of Caloric Ecosystems: Changes in the Food Supply around the World." *Critical Public Health* 25, no. 3 (2015/05/27 2014): 248-64.

Use of land for meat

- Pasture 35 m km²
- Cropland 14 m km²
 - Human plant feed 9.4 m km²
 - Stockfeed 4.7 m km²
- Total meat output
 - Grazing 8%
 - Mixed 46%
 - Intensive 45%

Steinfeld, Henning, Pierre Gerber, Tom Wassenaar, Vincent Castel, Mauricio Rosales, and Cees de Haan. "Livestock's Long Shadow: Environmental Issues and Options." Rome: FAO, 2006.

The cost of meat protein

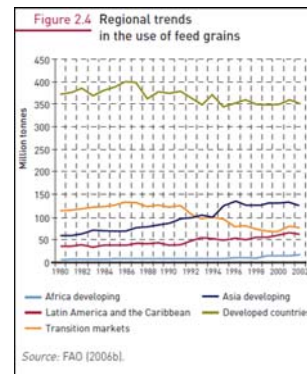
- Producing 1 kg of high-quality animal protein requires:
 - 6 kg plant protein
 - 100 times more water than 1 kg of grain protein
 - 11 times more fossil energy than for grain protein production

Pimentel, David, and Marcia Pimentel. "Sustainability of Meat-Based and Plant-Based Diets and the Environment." *The American Journal of Clinical Nutrition* 78, no. 3 (September 1, 2003 2003): 660S-63S

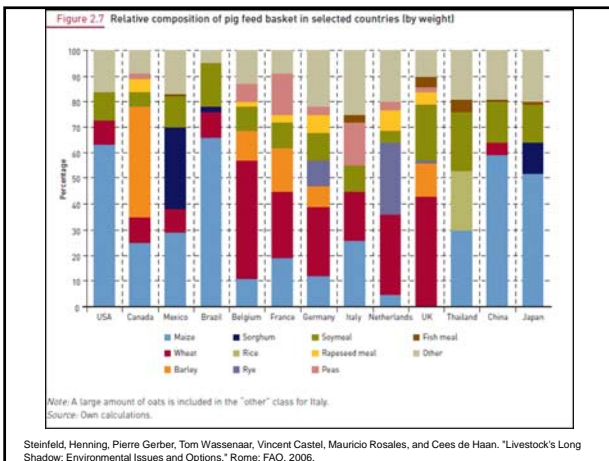
Fossil energy cost for 1 kcal protein (ratio input to output)

Product	Energy cost (ratio of input: output)
Lamb	57
Beef	40
Eggs	39
Pork	14
Milk	14
Poultry	4
Grain	0.25

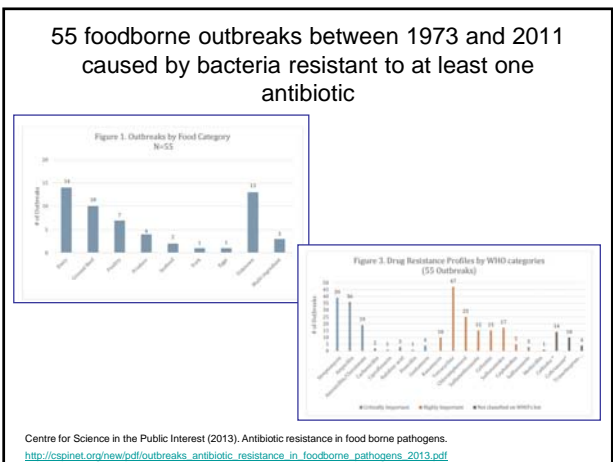
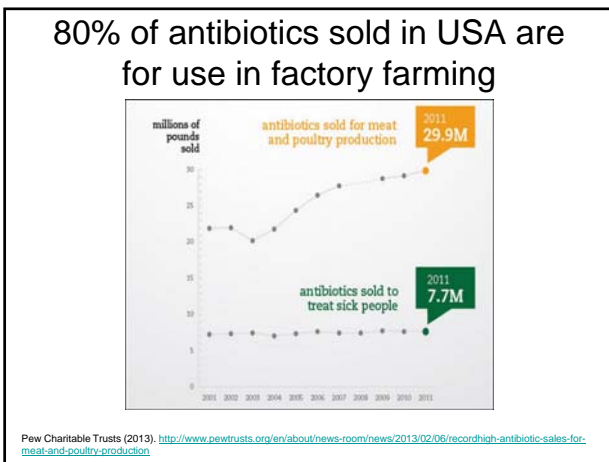
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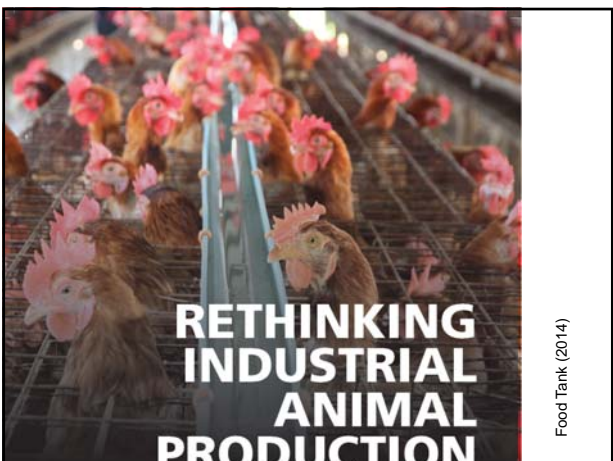


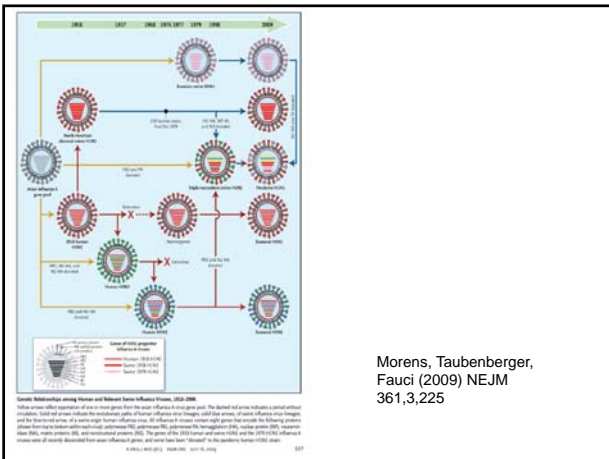
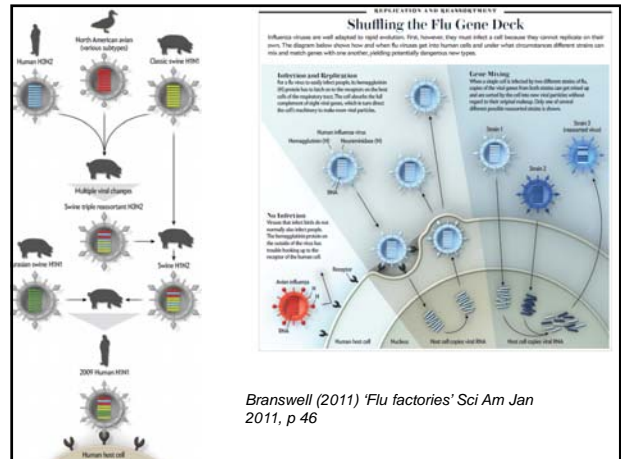
Antibiotics



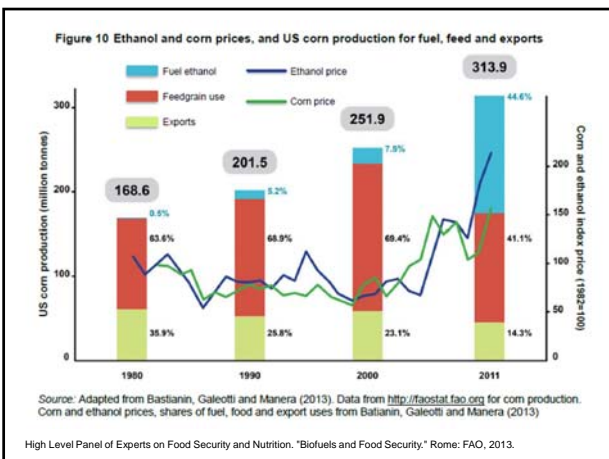
Biosecurity

- Industrial farming (poultry and pigs especially) and generation of new pandemics





Biofuels



Land grabbing

Table 1 Estimated inventories of areas involved in large-scale land investments.

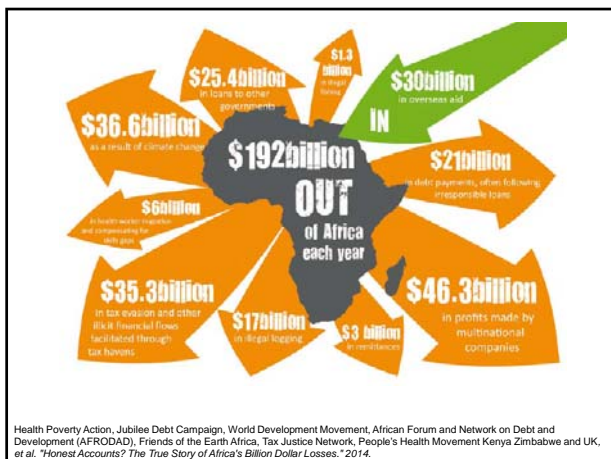
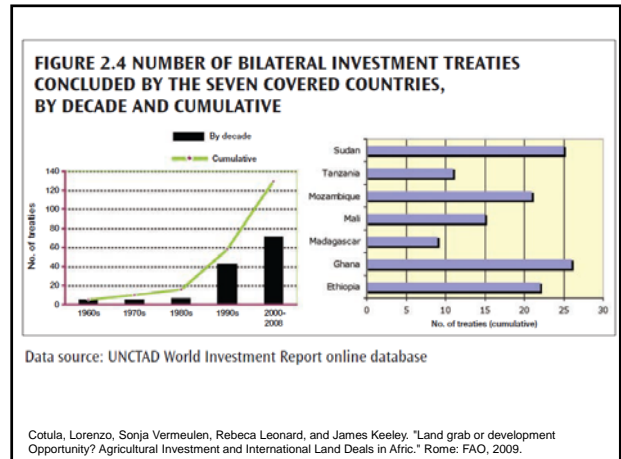
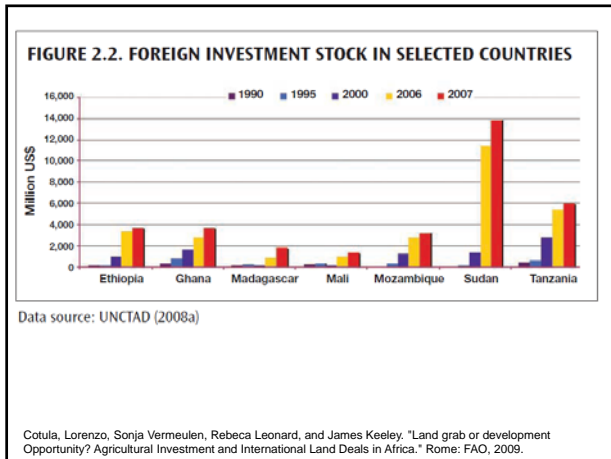
Amount of land (ha)	Coverage	Time period	Source	Method
2.5 million	Ethiopia, Ghana, Madagascar, Mali and Sudan	2004-2009	Cotula et al 2009	Systematic inventories based on in-country research
51-63 million	27 countries in Africa	Until April 2010	Fris & Reenberg 2010	Systematic inventory of media reports
Approximately 1.5 million	Mali, Laos, Cambodia	Until 2009	Gørgen et al 2009	Systematic inventories based on in-country research
>3.5 million	Kazakhstan, Ukraine, Russia	2006-2011	Visser & Soor 2011	Media and web based
46.6 million	81 countries	2004-2009	DeVijger et al., 2011	Systematic inventory of media reports
4.3 million	Brazil	until 2008	Wilkinson et al 2010	-
545,000	Mali	By end 2010	Baxter, 2011	Field visits, govt documents
3.6 million	Ethiopia	2008-11	Home, 2011	Field visits, govt documents
15-20 million	"poor countries"	2006-09	IFPRI 2009	-
> 80 million	Global	Since 2000	International Land Coalition	Systematic inventory of verified media reports
Approximately 15-20 million ha	Global	Since 2000	v. Braun and Meinzen-Dick (2009)	Estimate based on media reports
Not identified	Global	2007-2008	GRAIN 2008	Media and web based

The High Level Panel of Experts on Food Security and Nutrition, "Land Tenure and International Investments in Agriculture". Rome: Committee on Food Security, FAO, 2011.

Foreign investment in big farms (land grabbing)

Land grabbing: the drivers

- Domestic food security
- Export (food, feedstock, biofuel stock)
- Forestry
- Carbon credits
- Speculation



Consumption choices

- Foodstuffs and technologies
- Value chains and markets

Foodstuffs and technologies

- Sugar, high fructose corn syrup, salt, fat
 - taste
 - marketing
- Cereals (eg maize, millet, rice, wheat)
 - local versus imported
- Protein
 - meat, dairy, beans
 - cost and access
- Water content, freight costs and shelf life
 - fresh fruit and vegetables versus highly processed food products
 - local production versus global sourcing

Foodstuffs, value chains and markets

- Monopoly and global value chains
 - farm workers and farmers
 - commodity traders, food manufacturers
 - brand marketing
 - retail including supermarkets
 - consumers
- Different markets
 - Europe
 - South Asia
 - East Asia
 - USA
 - Oceania
 - Australia

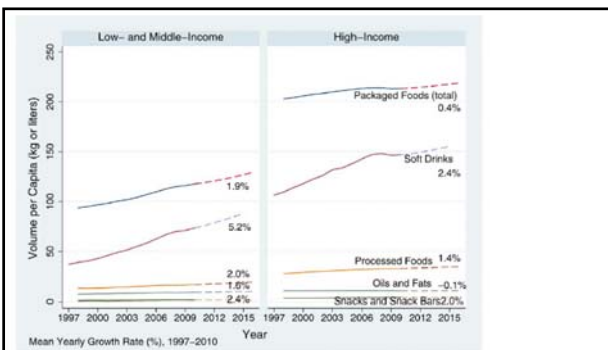
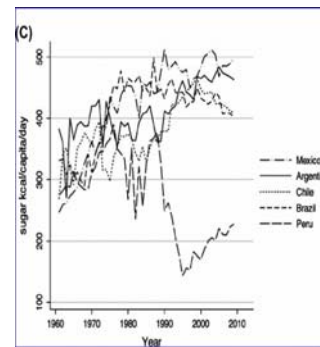


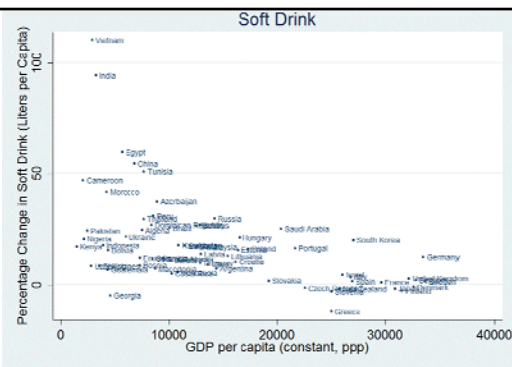
Figure 1. Trends in per capita sales of unhealthy food and beverage commodities, 1997-2010 and projected to 2016. Mean growth rates 1997-2010 are labelled. Data are from the EuroMonitor 2011 dataset. LMCs defined using World Bank criteria as GDP<USD12,500 in the year 2010. Dashed lines are forecast trends between 2011 and 2016. doi:10.1371/journal.pmed.1001235.g001

Stuckler, David, Martin McKee, Shah Ebrahim, and Sanjay Basu. "Manufacturing Epidemics: The Role of Global Producers in Increased Consumption of Unhealthy Commodities Including Processed Foods, Alcohol, and Tobacco." *PLoS Med* 9, no. 6 (2012): e1001235.

Intraregional supply changes: (C) variations in sugar supply in Latin America.

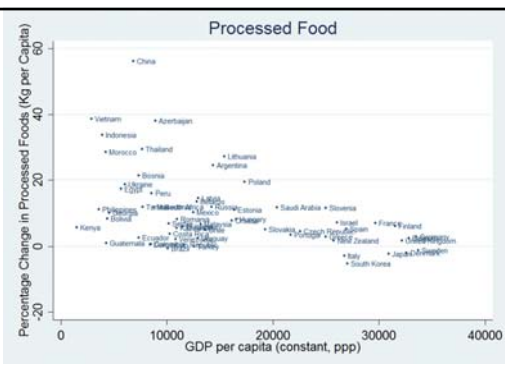


Basu, Sanjay. "The Transitional Dynamics of Caloric Ecosystems: Changes in the Food Supply around the World." *Critical Public Health* 25, no. 3 (2015/05/27/2014): 248-64.



Relationship between Projected percentage increase in Soft Drink consumption and GDP, year 2010-2015, 76 countries

Stuckler, David, Martin McKee, Shah Ebrahim, and Sanjay Basu. "Manufacturing Epidemics: The Role of Global Producers in Increased Consumption of Unhealthy Commodities Including Processed Foods, Alcohol, and Tobacco." *PLoS Med* 9, no. 6 (2012): e1001235.



Relationship between Projected percentage increase in processed food consumption and GDP, year 2010-2015, 76 countries

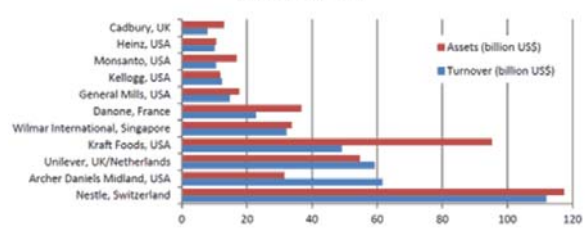
Stuckler, David, Martin McKee, Shah Ebrahim, and Sanjay Basu. "Manufacturing Epidemics: The Role of Global Producers in Increased Consumption of Unhealthy Commodities Including Processed Foods, Alcohol, and Tobacco." *PLoS Med* 9, no. 6 (2012): e1001235.

Table 4. Top companies in terms of market share (total sales volume) worldwide in soft drinks and packaged foods, 1997–2010.

Company	Volume of sales	% of global market share
<i>Soft drinks</i>		
	(mn of liters)	
The Coca-Cola Co.	104,379.1	37.1
PepsiCo Inc.	48,662.0	17.3
Groupe Danone	21,838.5	7.8
Nestlé SA	18,741.9	6.7
Tingyi (Cayman Islands) Holdings Corp.	8020.9	2.9
Dr Pepper Snapple Group Inc.	7471.6	2.7
Santory Holdings Ltd.	4884.1	1.7
Hangzhou Wahaha Group	3986.4	1.4
Aje Group	2870.1	1.0
Uni-President Enterprises Corp.	2635.2	.9
<i>Packaged foods</i>		
	(\$US millions)	
Nestlé SA	65,420.2	10.3
Kraft Foods Inc.	62,354.4	9.8
Unilever Group	39,366.6	6.2
PepsiCo Inc.	36,347.6	5.7
Mars Inc.	28,470.5	4.5
Groupe Danone	28,084.9	4.4
Kellogg Co.	16,059.0	2.5
General Mills Inc.	12,598.3	2.0
Ferrero Group	10,824.2	1.7
Grupo Bimbo SAB de CV	10,591.5	1.7

Basu, Sanjay. "The Transitional Dynamics of Caloric Ecosystems: Changes in the Food Supply around the World." *Critical Public Health* 25, no. 3 (2015): 27-29. doi:10.1080/14747033.2015.1066644

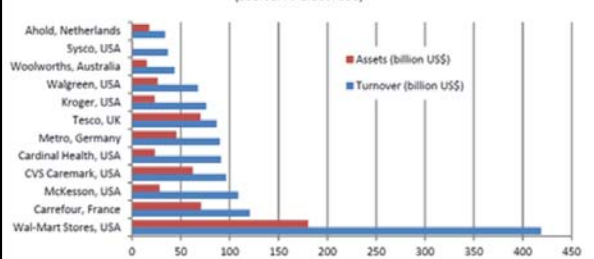
Figure 2.15 Annual turnover and asset value of world's top food products TNCs (Source: FT Global 500)



<http://www.freshplaza.com/article/91536/Three-TNCs-dominate-global-food-industry>



Figure 2.17 Annual turnover and asset values of world's top food retail TNCs (Source: FT Global 500)



<http://www.freshplaza.com/article/91542/Global-retail-dominated-by-10-companies>

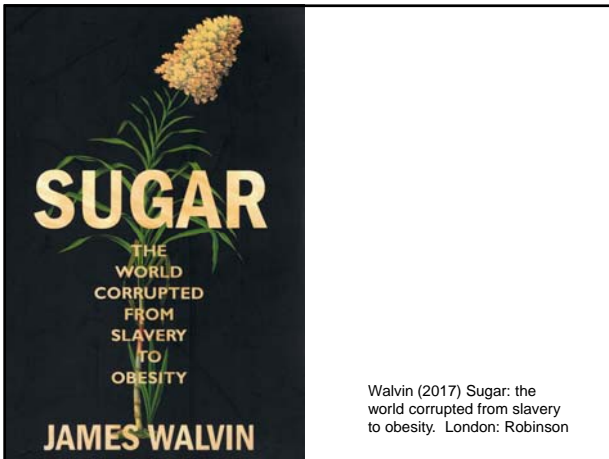
Global food systems within the global economy

- Globalisation and food systems
 - drive towards cash crops
 - unfair trade and dumping
 - meat, biofuels and land grabbing
 - corporate control (transnational oligopolies)
- The political economy of global crisis - and impact on food systems
- The neoliberal policy program to manage global crisis – and impact on food systems
- Alternatives to neoliberalism

Food regimes

- Settler colonial food regime (British domination, 1870-1914)
- Mercantile industrial food regime (US domination, 1947-1995)
- Corporate food regime (TNC domination, 1995+)
- Industrial revolution and European colonialism
- Decolonialism and US imperialism
- Neoliberal globalisation
 - transnational corporations and the globalisation of class

Friedmann and McMichael, various



Australia

- Colonial settler regime (British empire)
 - invasion and displacement of Indigenous Australians
 - mass movements of convicts and free settlers
 - wheat, wool, meat exports to Europe (under imperial preference)
- Mercantile industrial regime (US hegemony)
 - 1973 Britain's entry into the European Common Market (and the Common Agricultural Policy)
 - 1973 Whitlam's 25% cut in import duties
 - 1983 Hawke Keating float the dollar and abolish capital controls
- Corporate regime
 - 1971 Macca's opens in Sydney
 - 2001 Aldi commences operations
 - 2005 SPC sold to Coca Cola Amatil
 - 2007 Global financial crisis
 - 2010 TPP negotiations commence

Colonisation and the nutrition transition in East Africa

- Seizure of arable land
- Cash crop economies (taxation, colonial exports)
- Broadacre monocultures for export
- Destruction of indigenous markets
- Land grabbing
- Increasing reliance on food imports (wheat, rice, hydrogenated oils)
- Increased reliance on highly processed food products
- Rise of the supermarkets
- Rural poverty and urbanisation
- Mass market advertising

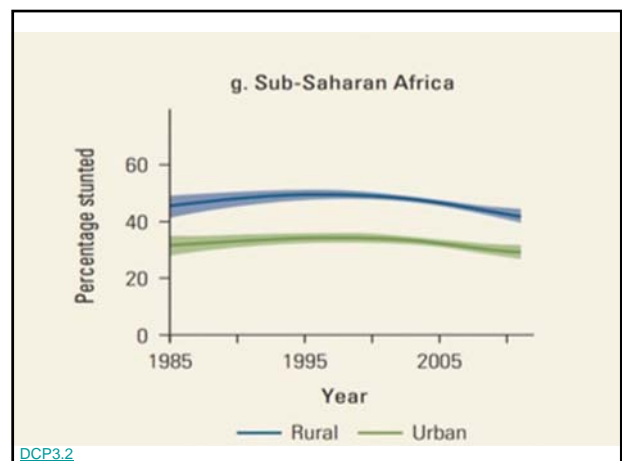
Raschke & Chaeema (2008) Public Health Nutrition: 11(7), 662-674

Global economic governance and food systems

structural adjustment
trade relations
market discipline

Debt crisis and structural adjustment

- 1973 – first OPEC price rise
- 1970s – cheap money, aggressive bank lending, including to developing countries
- 1979 – stagflation
- 1981 – interest rates soar; developing country debt crisis
- 1980s – indebted countries forced to rely on IMF; structural adjustment a condition for bail out
 - cuts in public spending (including support to farmers)
 - reduce import barriers
 - re-orient agriculture to cash crops for export



Trade regulation

- 1944 - 1995 GATT
 - progressive re-negotiation of international agreements on tariffs
 - slow progress towards trade liberalisation (especially manufactured goods)
- 1995:
 - finalisation of the Uruguay Round of GATT negotiations
 - establishment of World Trade Organisation
- Bilateral and regional trade and investment agreements

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World Trade Organisation

- Established 1995, based in Geneva
- 141 member countries
- Structures
 - Director-General
 - Secretariat
 - Ministerial Conference
 - General Council
 - specific councils
 - Disputes Settlements Body (DSB)

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Agreements

- Multilateral Agreements on Trade in Goods (13)
- General Agreement on Trade in Services (GATS)
- Agreement on Trade-related Intellectual Property Rights (TRIPs)
- Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU)
- Trade Policy Review Mechanism (TPRM)
- (non mandatory) agreements (5)

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Agreement on Agriculture

- Not focused on health
- But damaging to people's health in agricultural exporting countries (including very poor countries) are:
 - agricultural barriers to rich country markets (Eu, Japan and US),
 - subsidies in those markets to support local producers (and exporters) and
 - dumping by rich countries in poor country markets including in producer countries

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Farm subsidies

- Europe: \$US2.70 per cow per day
- Japan: \$US8.00 per cow per day
- India: 600m farmers live on \$US1.00 per day
- USA: 25,000 cotton farmers receive \$US10.1m per day
- Europe: 80% of food subsidies go to agri-business
 - Tate and Lyle (sugar): \$US404m in 2003/4
 - Arla Foods (Denmark): \$US205m in 2003/04
 - Nestle (UK): \$20m in 03/04

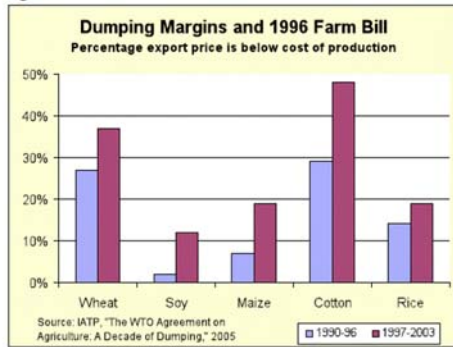
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EU dumping in Africa

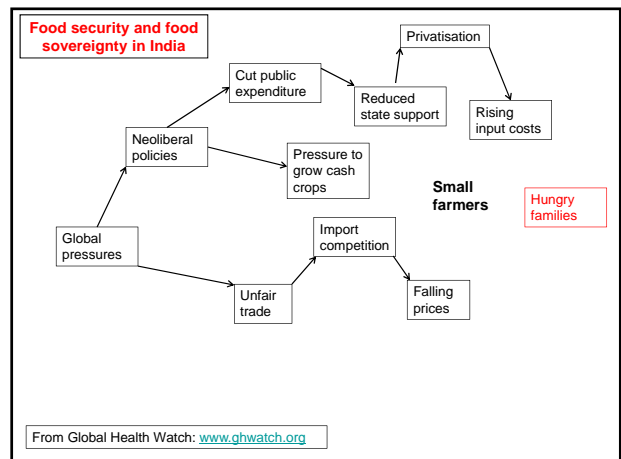
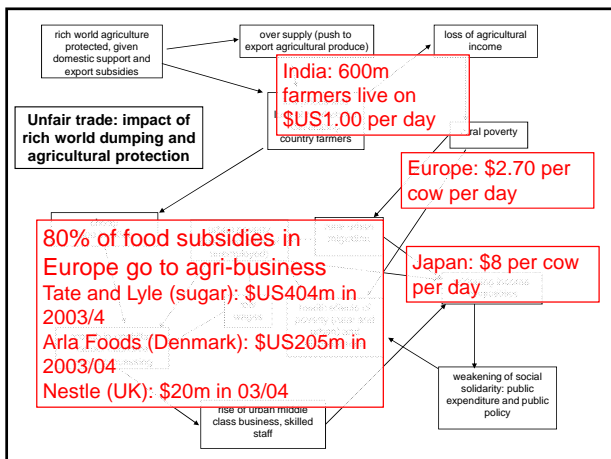
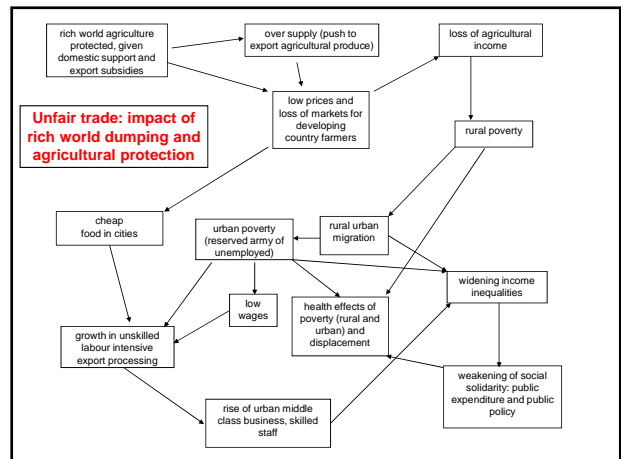
- Dairy – eg impact on dairy production in Burkina Faso and Gambia
- Poultry – dumping of chicken parts in West, Central and Southern Africa

Global research (2008). EU 'plans to dump' milk, butter in Africa. Global Research. <http://www.globalresearch.ca/eu-plans-to-dump-milk-butter-in-africa/11079>. See also OECD. <http://www.oecd.org/tad/agricultural-policies/producerandconsumersupportestimatesdatabase.htm>

Figure 1.



Wise, Timothy A. "Agricultural Dumping under NAFTA: Estimating the Costs of U.S. Agricultural Policies to Mexican Producers." Woodrow Wilson International Center for Scholars, 2010.



From Global Health Watch: www.ghwatch.org

India (GHW)

Box C3.1 Increase in food stocks and exports amid hunger

India produced 257.44 million tonnes of foodgrains during 2011/12, or close to 186 kilograms per capita. However, against a buffer norm of 21 million tonnes (that is, the minimum buffer required to be stocked to take care of emergencies), the Food Corporation of India had a stock of more than 66.5 million tonnes (as of 1 October 2012). Around the same period, 7.73 million tonnes of rice and 3.59 million tonnes of wheat were exported (PIB 2012).

TABLE C3.1 Calorie intake based on expenditure group

	Rural			Urban
Levels of calorie intake per day	2,400	2,200	1,800	2,100
Percentage of persons below specified levels, 2004-05	87	69.5	25	64.5
Percentage of persons below specified levels, 1993-94	74.5	58.5	20	57
Percentage of persons below specified levels, 1983	70			58.5

Source: Patnaik (2007a)

- ### Mexico 10 years post NAFTA

 - 1% growth rate
 - 2m farmers left their land
 - 1m jobs in lost in corn production
 - Unemployment in cities
 - 6m undocumented migrants to US
 - Increased exports of fruit and veges
 - Increased imports of subsidised corn from US lead to falling prices and loss of livelihood
 - Dumped grains > wheat cultivation halved
 - Importing 99% soybeans, 80% rice, 30% beef, pork and chickens, 30% of beans
 - importing 42% of food in 2003 cf 13% in 1993

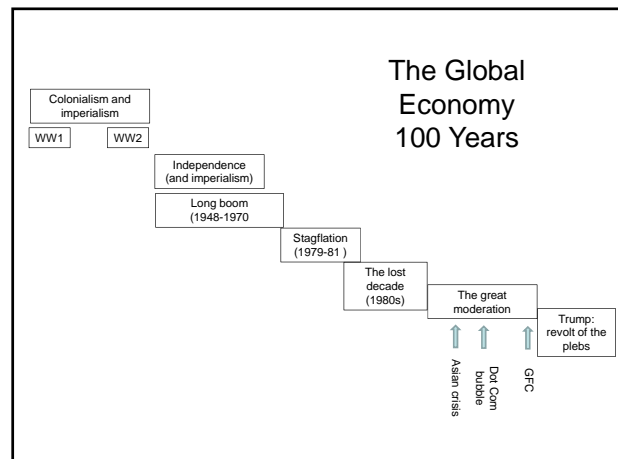
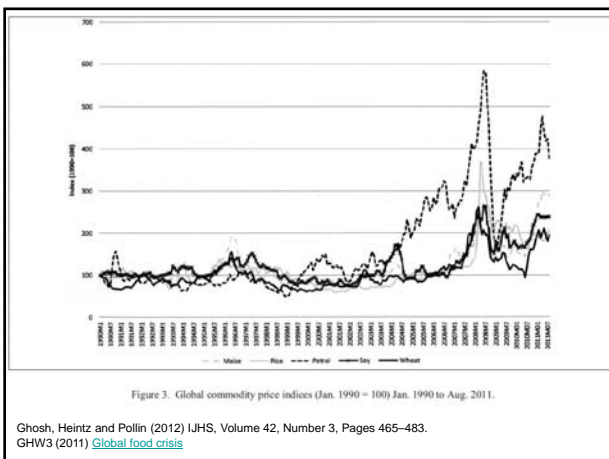
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TRIPS, seeds and herbicides

- Monsanto and glyphosate
- Hybrid seeds and traditional seed production
- Patenting of long cultivated seeds

Financialisation and food price speculation

- 2008 Global financial crisis
- 2009 Global food price crisis



The long boom (1945-1975)

- The post-WW2 environment
 - need for reconstruction (huge demand)
 - increasing productivity (motor vehicles and cheap oil)
 - industrial capacity released by post-war demobilisation
- The boom
 - capital, labour and technology brought together to make things and services that people need and are able to pay for
 - increasing productivity (associated with new technology) frees up labour to make new things and to recycle wages as consumption (hence more profit, investment and sales)
 - some 'trickle down' to the poor (associated with Keynesian policies) and to the Third World (benefiting from trade opportunities associated with rapid growth)

1975-85 - Stagflation and the failure of Keynesianism

- Recession (cyclical slowdown on top of structural over-production)
 - growing imbalance between productive capacity and market demand;
 - emergence of 'jobless growth'; weakening role of employment and wages in maintaining consumption
- Emerging inflation
 - Keynesian counter-cyclical policies deployed to contain the slow down; ineffective (because slow down structural, not cyclical) but contribute to inflation because increase money supply without boosting employment and economic activity at the cost of budget deficits and inflation
 - increasing price pressures as different players seek to defend against price increases fought out through various forms of monopoly power (oil with OPEC, labour with strong unions, brand names and protected technologies)
 - goods and services for the Vietnam war flood the world with dollars (increase of global money supply) lead to inflation and depreciation of the dollar (leads to rejection of gold standard in 1972)

1981: Reagan, Thatcher and monetarism

- Monetarism
 - defeats Keynesianism
 - public debt and counter-cyclical public spending not working
 - argues for sole reliance on interest rates to control the business cycle
- Reagan and Thatcher
 - organised labour to blame for inflation and recession; break the unions
 - 'fight inflation first': steep increases in interest rates deepen recession
 - slows the economy, decreases demand, controls price increases
 - increased unemployment, weakens the unions and controls wages growth (accompanied by aggressive industrial relations strategies)

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The Debt Trap

- The trap set
 - 1973: OPEC price rise; oil producers flush with cash; deposited in banks
 - Banks send salesmen around the world lending money at low and negative interest rates (negative after taking inflation into account)
 - lending to corporations (but with government guarantee) in South America
 - lending direct to governments in Africa
- The trap sprung
 - 1980: interest rates escalate (peaking at 17% in the US in 1981) at a time of recession, imposing repayment and servicing burdens that many poor countries could not carry
 - the 1980s as 'the lost decade'
 - 1984 global resource flows reverse

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The 'Sub-prime Mortgage Crisis'

- Asset bubbles burst; 'wealth' becomes 'debt'
- Extensive use of doubtful collateral (securitised debt) to support borrowing revealed
- Credit squeeze: banks globally withhold credit because of their exposure to doubtful loans (deleveraging)
- Consumption contracts (credit dries up; saving preferred because of threat of recession)
- Production and employment contract because credit dries up and consumption slows
- Global recession looms because of significance of US market to exporters globally
- Risk of foreign holders of US bonds selling off or stopping buying bonds (buy oil futures instead or spend on crisis)
- Risk of USD falling

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The threat of 'over-production' (in the old economies)

- Where expanding (capital intensive) productive capacity (with stagnating employment growth) exceeds effective demand owing to
 - saturated ('mature') markets and/or
 - markets with real needs but limited purchasing capacity
- 'Compensatory' mechanisms which exacerbate the damage from 'over-production'
 - understood in the corporate world in terms of reduced profitability
 - understood in the policy world as falling growth rates
 - eliciting a range of corporate strategies and policy responses
 - many of which exacerbate the risk of crisis

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'Over-accumulation'

- Reduced flow of profit into productive investment because of sluggish demand
- Increased flow of profit into
 - mergers and acquisitions (reduce capacity, increase market share)
 - asset speculation (housing, shares, currency, futures, etc)
 - debt funded consumption
- Expansion of finance sector
 - employment
 - profit
 - political influence

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Declining growth: compensatory system responses

- Diversion of investment into the financial sector (profit from trade and production flows into financial institutions)
- Private consumption supported through increasing private debt (recycling profit as consumption)
- Corporate rationalisation (including M&As, closures and bankruptcies) financed through corporate debt
- Increase size and power of financial sector

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Reduced profitability: compensatory corporate strategies

- Turn East to participate in China's growth (which depends in part on US and EU markets)
- New markets, new products and better marketing
- Commodifying the social – the marketisation of what were family, community and public sector functions
- Externalise costs (including to labour and to the environment)
- Increase market power (and capacity to increase prices)
- Consolidate production and increase market share through mergers and acquisitions*
- Reduce wages (union busting, relocation)*
- Replace well paid labour with technology*

**These strategies will further reduce demand (reduce the role of employment in recycling wages into consumption)*

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Unintended adverse consequences

- Replacing high wage labour with low wages and technology exacerbates the over-hang of productive capacity over effective demand
- Increasing economic integration globally creates new barriers to 'developing countries' achieving 'development'
- Increasing economic integration expands the market for the established TNC producers but further exacerbates the overhang of productive capacity over effective demand
- Deregulation and externalising costs to the environment further destabilises global environment

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So what prevents the crisis from engulfing the economy globally?

- The situation is already critical for millions of poorer people (in rich and poor countries)
 - trading regime which enforces the flow of value from poor to rich countries
 - policy regime enforces the divide between those who participate in the new global economy and those who are excluded
 - for these latter groups the crisis has already arrived
- However, continued growth globally (albeit slower) has been supported through
 - growth in China and India (and other 'emerging economies')
 - commodification of family, community, government functions (including health care)
 - unsustainable exploitation of environmental 'services'
 - role of debt in sustaining demand (recycling capital as consumption)
 - global support for US consumption (supporting an over-valued dollar)
 - intensified transfer of value from periphery to centre (from South⁹⁹ to North)

Continuing transfer of value from periphery to centre (S → N)

- Debt repayment
 - role of IMF (and SAP / PRSP) as the enforcer
- Maintaining high dollar reserves (at low interest) as 'insurance' against currency crisis means cost of capital (for real investment) is higher
- Brain drain
- Tax evasion
- Theft
- Unfair trade
 - 'free trade' in manufactured goods
 - protectionism for IP and agriculture
 - barriers to free trade in people
- Declining terms of trade
 - commodities vs manufactures

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Neoliberalism: a political belief system

- Government can't be trusted
 - markets know better than planners
 - bureaucracies dominated by self-interest
- Markets best mechanism for allocating resources
 - role of the state is to protect and extend markets and private property
 - no role for industry policy (eg price supports)
- Privileging private property
 - small government, low tax, low public expenditure
 - intellectual property rights, investor protection
- Global economic integration
 - IP protection
 - investor protection
 - market access,
 - covert protection of Northern agriculture
- Economic policy principles and tools
 - deregulate, commodify and privatise
 - low taxation, low public debt, balanced budgets
 - free trade, no capital controls, market exchange rates, global economic integration
 - interest rates the preferred tool in economic policy (over fiscal policy)
 - labour market flexibility / deregulation
 - discounting social protection (and equity)
 - discounting environmental stewardship

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Implications for health of the neoliberal economic policy agenda

- Stratified health care; minimal public funding; private health insurance; private provision
 - access barriers
 - health care impoverishment
 - maternal deaths
- Social determinants of health
 - agriculture
 - farmers driven off their land by dumped agricultural imports;
 - small scale subsistence farming replaced by agribusiness production for export
 - food crisis (meat, petrol, speculation)
 - employment: no or low safety nets; jobs and wages determined by markets; poverty
 - infrastructure: lack of clean water and sanitation, open defaecation
 - violence and conflict
 - mass migrations
 - financial instability and recurring crises

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Alternatives to neoliberalism

- Restore sovereignty to the Nation State (regulate the transnational corporations and banks)
- Move towards greater democracy in global governance (away from big power hegemony)
- Protect local production, local supply, local services (the Chinese path); regionalism
- Forge new alliances between progressive forces in the North and in the global South
- Domestic security (economic and cultural) as a condition for generosity (eg to refugees)
- Living well (buen vivir) as alternative to materialism
- Communication and personal contact as conditions for solidarity

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