Review: David Stuckler and Sanjay Basu, *The Body Economic; Why Austerity Kills*

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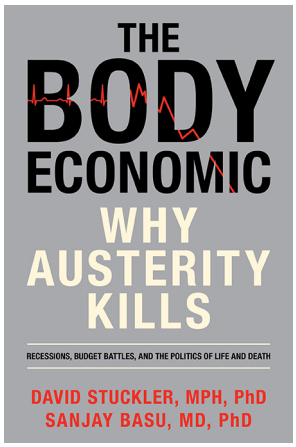

David Stuckler and Sanjay Basu, *The Body Economic; Why Austerity Kills*
Allen Lane, 2013 £11.99

The Body Economic, published in 2013, follows on in the best traditions of *The Spirit Level*[1] in 2009 where public health experts Richard Wilkinson and Kate Pickett showed, in a very readable and accessible style, the extensive research evidence supporting the argument that inequality kills. *The Body Economic* does the same for austerity. Stuckler is a professor of political economy at Harvard with a background in public health while Basu is a professor of medicine and a public health expert at Stanford University.

Recessions are known to be associated with poor health[2] but the authors question whether this link is necessary and what might link recession and poor health. For example, they argue, while deaths by suicide and infectious diseases can go up after a recession, this is not always the case (and deaths from car crashes usually tend to go down, due to fewer people travelling to work or being able to afford car travel for leisure).

To explain why the health outcomes in recessions vary, Stuckler & Basu look at several well-known historical cases. They note that in the 'Great depression' of the 1930s in the US, those states which implemented the 'New Deal' programme of social welfare and public employment schemes had the best health outcomes. In the East Asian crash in the 90s Malaysia resisted the IMF advice to cut social protection spending on health, education and welfare, but did best in the affected region on both health and economic indicators; that is they came out of recession more quickly with fewer deaths and adverse health effects. Sweden's housing market crash in the early 90s lead to a recession with a large rise in unemployment but did not see any associated rise in suicides, which continued to go down.

The book uses many paired examples where one country responds to recession either by choosing austerity programmes (often coerced by the blackmail of IMF loans) like in Greece or by building up social protection and public employment schemes instead like in Iceland. The book points out that the British welfare state and its flagship health service the NHS was founded in 1948 when public debt was 400 percent of GDP and the economy was in tatters after the ravages of the Second World War.

[1] Wilkinson, Richard and Kate Pickett, 2010, *The Spirit Level: Why Equality is Better for Everyone*, Penguin

[2] For a review of the politics of healthcare and recession see O'Grady, Peadar, 'Economic Crisis: Austerity and Privatisation in Healthcare in Ireland', *Irish Marxist Review* (2): 24-36, June 2012 `http://www.scribd.com/doc/96798763/Irish-Marxist-Review-2`

Like *The Spirit Level* before this book is excellent at providing a systematic review of the research evidence, in this case the evidence supporting the case against austerity as it fails to promote economic recovery and has devastating consequences for health. It makes a powerful argument for refusing to bail out banks and to spend instead on public services, housing and employment as the solution to both the health and economic challenges of economic crises.

The book is weakest when it comes to a political analysis. Why, given all this evidence that austerity does not work (and spending on social protection does), do the majority of governments ignore this evidence and choose some version of austerity? The only answer to this in the book is in the final 'conclusion' chapter where the authors argue that austerity is 'an economic ideology' and that:

> It stems from the belief that small government and free markets are always better than state intervention. It is a socially constructed myth - a convenient belief among politicians taken advantage of by those who have a vested interest in shrinking the role of the state, in privatizing social welfare systems for personal gain.(p140)

Obviously the massive bailouts to banks and big business in the US belies the notion that this can be explained in terms of supporting a small government role - small in terms of public sector support but as big as required for private sector support; 'socialism for the rich' as Chomsky has described it. If this economic ideology of small government ('Neoliberal Capitalism') is 'a convenient belief' by politicians, what is the less convenient reality? This goes unexplored in the book.

The contradiction of neoliberal 'small state' ideology in practice is because individual capitalists want to be bailed out whatever the effects on the system as a whole, but more importantly, in a crisis they use what Naomi Klein called the 'Shock Doctrine', using the crisis as cover to reduce wages (and raise the rate of profit) and to privatise public services (allow them to be bought and sold for profit)[3]. The argument we are given by politicians and big business is that recession means 'we' need bailouts which means 'we' are in debt which means 'we' need cuts in wages and services. The real motivation is to use the crisis to increase profits.

The failure to see profits as central also weakens their analysis of US healthcare, in an otherwise excellent review of the distortions of the profit-driven market particularly in the area of Health Insurance. While they quite rightly point out that the distorting effect of providing care on the basis of ability to pay means less care for the sickest, they ignore the cost of profit itself (often 10-15 percent of funding) and the additional administrative costs of profits like billing, legal and accounting (15-30 percent Vs 5 percent in not for-profit systems). Overall, as little as 50-60 percent of funding gets through to front-line healthcare in the US[4]. The timid reforms of Obama do not get sufficient criticism here also. While there is a leftwing argument for reform in extending cover to the uninsured there is also a right-wing dynamic of reducing healthcare costs to employers in

[3]Klein, Naomi, 2008, 'Free market ideology is far from finished', *The Guardian*, 19 September, `http://www.guardian.co.uk/commentisfree/2008/sep/19/marketturmoil.usa`

[4]Woolhandler, S, T Campbell and DU Himmelstein, 2003, 'Costs of Healthcare Administration in the US and Canada', *New England Journal of Medicine*, 768-775, Aug 21

Industry. Obama avoided taking on either the Health Insurers whose profits went up as they cut out high risk subscribers or employers who enjoyed better health cover for low-paid employees without having to bear the cost.

Finally, Stuckler and Basu argue that:

> Only when citizens have access to and can engage with the data can politicians truly be held accountable for their budget decisions and for the effects of those decisions on life and death.(p142)

However, even with all this evidence at their disposal the authors fail to call the politicians to account. The failure of conservative parties to reject austerity is because austerity favours their allies at least in the short term (and capitalism is notoriously short-sighted as global warming and oil-addiction testify). However, the failure of social-democratic parties, like the Labour Party in the UK or Ireland, to argue against wasteful profit-driven production in normal times and against austerity in times of capitalism's crises and in favour of redistribution (taxing the rich and spending on public services) requires some comment also[5]. The authors could have dedicated more space to this but there is a general failure in the book to criticize the Labour Party in the UK (who continued Thatcherite privatisation policies when in power) or the Democrats in the US despite their long history of at best, weak advocacy for public services, which has always been at its best when pushed from below by mass movements (that is by democratic forces or 'People Power').

While the authors in their conclusion go on, quite rightly, to promote 'the democratic option':

> Never doubt the ability of organized citizens to make a difference (p142)

More encouragement for the development of people power would have been very welcome. A lack of focus on the need for political organisation seems to imply that either people power will happen spontaneously and doesn't need to be supported and organized or alternatively that it doesn't matter. While political gains are often won by spontaneous mass movements they are only held by continued organisation. The post war versions of these working class organizations: social-democratic parties and trade unions have collapsed and new mass organisations need to be built from the ground up.

Their conclusion is the need for a 'New New Deal' (after the 'New Deal' programme of the 1930s in the US mentioned above) emphasising political accountability through an independent body analyzing government programmes and informing the public; and investing in active employment programmes and spending on health and social protection. There is no mention of the need to be politically organized to achieve these demands.

The aim of the authors in publishing *The Body Economic* is clear:

> This book, we hope, is a first step to democratizing the health choices of the body economic.(p143)

Despite my criticism of the lack of depth of their political analysis, I think Stuckler & Basu have certainly achieved

[5]Navarro, Vicente, Carles Muntaner, Carme Borrell, Joan Benach, Águeda Quiroga, Maica Rodríguez-Sanz, Núria Vergés and M Isabel Pasarín, 2006, 'Politics and health outcomes', *Lancet*; 368: (1033-37), p1033

their aim and this excellent little book (only 145 pages with 50 more pages of notes) is an invaluable asset to anyone involved in fighting against austerity and for public spending on health, housing and employment. This is a book to be used by the 99 percent who see healthcare as a public good; in the fight against the 1 percent who see healthcare as a means of making more and more profits at our expense.