Blind Spot

HOW NEOLIBERALISM INFILTRATED GLOBAL HEALTH

Salmaan Keshavjee

Foreword by Paul Farmer

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For my parents, Sherbanu and Ameer Keshavjee.

Born in apartheid South Africa, they brought us to a place that many in this world can only dream of and taught us to be courageous, persistent, and vigilant in the struggle for equity and justice.

The inner meaning of history . . . involves speculation and an attempt to get at the truth, subtle explanation of the causes and origins of existing things, and deep knowledge of the how and why of events. History, therefore, is firmly rooted in philosophy.

Ibn Khaldun, fourteenth-century historian, *The Muqaddimah*

Fyodor Pavlovitch was drunk when he heard of his wife's death, and the story is that he ran out into the street and began shouting with joy, raising his hands to Heaven: "Lord, now lettest Thou Thy servant depart in peace," but others say he wept without restraint like a little child, so much so that people were sorry for him, in spite of the repulsion he inspired. It is quite possible that both versions were true, that he rejoiced at his release, and at the same time wept for her who released him. As a general rule, people, even the wicked, are much more naïve and simple-hearted than we suppose. And we ourselves are, too.

Fyodor Dostoyevsky, *The Brothers Karamazov*

6 Bretton Woods to Bamako

HOW FREE-MARKET ORTHODOXY INFILTRATED THE INTERNATIONAL AID MOVEMENT

Only a crisis—actual or perceived—produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes politically inevitable.

Milton Friedman, *Capitalism and Freedom*

Bretton Woods, New Hampshire, is far from Bamako and even farther from Badakhshan. Yet it was there, ensconced amid the beautiful views and craggy ridges of the White Mountains of the northeastern United States, that the seeds were planted for what emerged in the revolving drug fund proposal more than fifty years later.

The United Nations Monetary and Financial Conference, held at Bretton Wood's regal Mount Washington Hotel—a Spanish Renaissance-style building whose interior was said to have taken 250 master craftsmen two years to complete—was no small event, drawing together 730 delegates from 44 nations for the first three weeks of July 1944.[1] These delegates—men of power from government, academia, and large financial institutions—discussed Europe's postwar recovery, paying particular attention to monetary issues such as unstable exchange rates and protectionist trade policies. The compact that emerged, known as the Bretton Woods Agreement, established a postwar international monetary system of convertible currencies, fixed exchange rates, and free trade. To realize these objectives, two new international institutions were created: the

International Stabilization Fund (which later became the International Monetary Fund, IMF) and the International Bank for Reconstruction and Development (IBRD). The aim of the latter institution, which became a core institution of the World Bank Group, was to provide economic aid for the reconstruction of postwar Europe. A loan of $250 million to France in 1947 was the IBRD's first.

The discussion in Bretton Woods was about stabilizing the international monetary system and setting up economic structures that would expand the production, exchange, and consumption of goods[2]—a subject that seems remote from Kuhdeh in 1996 and from the travails of Rais and the people of Badakhshan. The conversation at Bretton Woods took place toward the end of the Second World War, in the context of a battle between fascism and democracy. This was more than two decades into Joseph Stalin's rule of the Soviet Union, amid a growing realization that Soviet and American visions for a postwar world were very different. The deep fear of communism had not yet reached a fever pitch. That happened with the 1946 communist uprising in Greece, and the United States' Truman Doctrine of 1947, which hardened American policy on the containment of Soviet communism. But fear of totalitarianism—an authoritarian state seen as anathema by those espousing the idea of freedom—was very real in Bretton Woods, and the discussion there was about significantly more than fixed exchange rates and monetary policy: it was a much broader debate about the relationship between the citizen and the state, and the role government should play in furthering social and economic life.

Some delegates, like the British economist John Maynard Keynes—whose theories rose to prominence during the Great Depression—argued that totally free markets were not ideal: sometimes the market failed to properly allocate resources, which could be corrected through appropriate intervention by the state.[3] The market, Keynes argued, was made of individuals acting in their own self-interest, while society and the state needed a broader and longer vision to achieve important societal goals. Keynes maintained that "not only does government have a role to play in remedying market failure, but it is also a provider of essential services related to education and health."[4]

Others disagreed. They called for laissez-faire economics, free trade, and the repeal of restrictive trade laws.[5] Their argument drew from the

intellectual lineage of classical eighteenth- and nineteenth-century liberal thinkers like Adam Smith and John Stuart Mill, who, in the most general and unnuanced interpretation, saw liberty as the absence of interference from government and other political institutions. This argument linked Smith and Mill's ideas of liberty to nineteenth-century neoclassical economists such as Alfred Marshall, William Stanley Jevons, and Léon Walras, who emphasized the efficiency of market competition and the role of individual consumers in determining economic outcomes. In its simplest form, the argument was a repudiation of Keynesian economics. It maintained that state intervention caused "distortions" that led to market failures: the state, therefore, should have no role in production, services, and industrial policies, and should leave the market alone so that it could work efficiently.[6] This school of thought became known as neoliberalism, most often associated with thinkers such as Friedrich von Hayek and Milton Friedman, known as the Chicago school.[7]

Although Keynes is seen as one of the main architects of the Bretton Woods Agreement, and the IMF and World Bank are sometimes referred to as Keynes's twins—their creation is often attributed to Keynes and Harry Dexter White, one of Franklin Roosevelt's closest advisors—Keynes and his ilk lost the bigger argument at Bretton Woods.[8] What emerged was an institutional framework that supported an economic model based primarily on supply and demand, with minimal state intervention.[9] The International Stabilization Fund, more than its sister organization, was explicitly created to operate using this neoliberal framework. The IBRD took some years to fully adopt the neoliberal perspective; its political orientation, however, was clear from the start. The very first loan from the IBRD to France was delayed until the French agreed to remove "communist elements" from within the cabinet.[10]

As Soviet influence grew, the United States pushed for a sister organization to the IBRD to provide loans to poor countries. This led to the creation of the International Development Association (IDA) in 1960.[11] The combination of IBRD and IDA became known as the World Bank. World Bank president Eugene Black and his senior staff, along with some countries like West Germany and the Netherlands, opposed lending for social programs because they were too risky and would affect the bank's creditworthiness in the bond market (its bond credit rating).[12] Douglas Dillon, the U.S. undersecretary of state from 1959 to 1961, supported IDA lending for social overhead (specifically referring to non-revenue-producing areas such as sanitation, water supply, and housing).[13] These loans were seen as a way to reward loyalty in the face of perceived Soviet aggression and expansion. For example, Jordan, which had previously been turned down on loans for water and sanitation in 1958, was given a loan in 1960 after the pro-Nasser coup in Iraq.[14] Not only did this approach serve to reward states that had resisted becoming allied with the Soviet Union, but since the IDA required regular funding replenishment, this gave the government of the United States, the largest donor, significant influence over recipient countries and the bank.[15]

NEOLIBERALISM AS A "BULWARK" AGAINST COMMUNISM

Intellectually, the roots of neoliberal philosophy are mostly associated with the Austrian-born Nobel Prize–winning philosopher and economist, Friedrich von Hayek, who taught at the London School of Economics, the University of Chicago, and the University of Freiberg. Hayek was mentored by the Austrian economist Ludwig von Mises, a friend of the German sociologist Max Weber. Mises predicted the failure of socialism and championed the "sovereignty of the consumer."[16] Mises, who had moved to Switzerland, fled Europe for the United States in 1940, fearing a fascist takeover of Europe.

The rise of socialism and fascism in the 1930s, coupled with the implementation of New Deal economic programs by President Franklin Roosevelt in the United States, caused Hayek, Mises, and others a great deal of concern about the reach of the state and the liberty of the individual.[17] They saw economics as embedded in politics and, hence, saw the "free market" as an economic form of political democracy.[18] For them, state regulation of the market—which they termed "interference"—mirrored the state restraining political life, and was a harbinger for forms of the state that would limit individual liberty, such as fascism and communism.

Questioning the role of the state in the market, and in the lives of citizens, was a bold challenge to the prevailing social and economic orthodoxy of the day and would require an organized intellectual response.[19] According to political scientist Rick Rowden, thinkers like Hayek took a page from an unlikely source, the Italian Marxist philosopher Antonio Gramsci: "They realized that to transform the economic, political and social landscape, they first had to change the dominant intellectual and psychological landscape; they had to make their ideas part of daily life and propagated through books, journals, conferences, universities, research institutes, professional associations, etc."[20] They had to make them "common sense." To this end, Hayek—along with Mises, Karl Popper, George Stigler, Milton Friedman, and thirty-one other economists, historians, philosophers, and thinkers—founded the Mont Pèlerin Society in 1947, as a means of bringing American and European conservatives together for this project of social change.[21]

On April 2, 1947, the founders met at the Hotel du Parc in the Swiss village of Mont Pèlerin, about two hours' drive along Lake Leman from Geneva. Economics was discussed, of course, but in the context of the dangers faced by "civilization" from government encroachment into the lives of its citizens.[22] In the Mont Pèlerin Society's statement of aims, signed on April 8, 1947, they wrote that the "central values of civilization are in danger" and that "the position of the individual and the voluntary group are progressively undermined by extensions of arbitrary power." These and other changes, it contended, "have been fostered by a decline of belief in private property and the competitive market; for without the diffused power and initiative associated with these institutions it is difficult to imagine a society in which freedom may be effectively preserved." The group was very clear about their path forward, stating that a priority area of study would be "the redefinition of the functions of the state so as to distinguish more clearly between the totalitarian and the liberal order."[23]

At the meeting in April 1947, Hayek was said to have remarked that the battle for ideas would not occur overnight, that in fact it would take a generation to win, but it would be successful because such an intellectual army as the Mont Pelerin Society would attract powerful backers.[24] And it did. By the end of the 1970s, neoliberal ideas had come to dominate a number of major global institutions.[25]

The economic precepts of neoliberalism went much farther than the nineteenth-century liberalism and classical economics drawn from the ideas of

Smith and Mill.[26] In broad strokes, one can outline three core economic principles. First, that the mechanisms of the market, of supply and demand operating free of government interference, would lead to "equilibrium," where resources are allocated efficiently.[27] Government participation, even regulation, would "distort" the market. Any form of central planning was, of course, out of the question. The role of the state was simply to facilitate the market and otherwise stand back. Second, individual actors, regardless of social, institutional, and political context, always made choices that satisfied their individual objectives, and were "rational, utility-maximizing agents" with fixed preferences.[28] Accepting this premise, it was believed, would put decision making in the hands of citizens, not the state. And third, individuals have full knowledge of "the market" and all "externalities" and can always make the correct informed decision.

Critics of neoliberalism often view these core economic precepts as unrealistic, economically unsound, and empirically unsupported and unsupportable. This, suggests the economist Simon Clarke, misses the point. As the Mont Pèlerin Society's aims indicate, the philosophy behind neoliberalism is not so much economic theory as it is political theory. Clarke argues that "the neoliberal model does not purport so much to describe the world as it is, but the world as it should be. The point for [those who espouse] neoliberalism is not to make a model that is more adequate to the real world, but to make the real world more adequate to its model."[29]

Similarly, Wendy Brown, a political scientist at the University of California, Berkeley, has argued that neoliberalism is a form of "rationality," a way of understanding and organizing society that aims to reconstruct citizenship and the relationship between the citizen and the state.[30] "Neoliberal rationality," Brown argues, "while foregrounding the market, is not only or even primarily focused on the economy." "Rather it involves *extending and disseminating market values to all institutions and social action,* even as the market itself remains a distinctive player."[31] Drawing on the ideas of French philosopher Michel Foucault, Brown argues that neoliberalism defines and reconstructs fundamental relationships and reorganizes the world through "governmentality"—"a mode of governance encompassing but not limited to the state . . . which produces subjects, forms of citizenship and behavior, and a new organization of the social."[32] Thus subjects are *formed* and *organized* by the creation of certain structures and norms.

Not only do we have *Homo economicus,* as neoliberalism's "rational" individual is called but, as Brown puts it, "every action and policy" is submitted "to considerations of profitability." All institutional action, she says, is framed "as rational entrepreneurial action, conducted according to a calculus of utility, benefit, or satisfaction against a micro-economic grid of scarcity, supply and demand, and moral value-neutrality." This is at the core of neoliberalism as a political theory: "[Neoliberalism] does not simply assume that all aspects of social, cultural and political life can be reduced to such a calculus, *rather it develops institutional practices and rewards for enacting this vision.*"[33]

And it is in the development of institutional practices and rewards, the constructivist project that Clarke alludes to when he talks about "making the real world more adequate to the model," that neoliberalism makes its strongest contribution to an antitotalitarian utopian vision. If the neoliberal *Homo economicus* does not exist, as in Badakhshan and a number of other settings, then structures have to be put in place to *create* actors and impose market rationales for decision making in all spheres; this is part of what Brown describes as the "development, dissemination, and institutionalization of such rationality."[34]

The goal of such a project is to ensure that the market becomes "the organizing and regulative principle of the state and society."[35] And the role of the state? Michel Foucault suggests that, in such a paradigm, the role of the state is that of leading and controlling subjects or citizens, *but without being responsible for them.*[36] It becomes a facilitator for the market. Whereas state intervention in the social sector (e.g., by providing health and education services) is eschewed by neoliberals, a strong and coercive state is allowed and expected to defend the rights of private property, individual liberties, and entrepreneurial freedoms.[37] And in the end, as anthropologist Aihwa Ong describes, people are organized—and benefits and rights distributed to them—according to their ability to participate in the market rather than some other status (e.g., citizenship or residence) within nation-states. It is questionable, she argues, whether the possibility of the totalitarian state is vastly diminished, but what certainly will not emerge is a socialist or even caring one. Also weakened in this process are the bonds that bind community and nation.[38] In a book about the birth of neoliberal politics, historian Daniel Stedman Jones puts it this way: "The language of profit, efficiency, and consumption replaced that of citizenship, solidarity and service."[39]

NEOLIBERALISM AND GLOBAL HEALTH

In 1968, U.S. president Lyndon B. Johnson appointed Robert McNamara—defense secretary during the Vietnam War and a former president of the Ford Motor Company—as World Bank president. McNamara focused the bank's work on improving the situation in the developing world.[40] After attending a USAID-sponsored meeting on international nutrition at the Massachusetts Institute of Technology in 1972, McNamara became interested in nutrition and health and wanted the bank to become more involved in these areas.[41]

In 1973, McNamara requested a health policy paper from the scientists at the bank to guide its approach to the health sector. As if to rebuke the idea of a *Homo economicus* able to function "rationally" in all contexts, the *Health Sector Policy Report 1975* warned "about relying too narrowly on cost-benefit analysis and on the private sector to deliver health goods," because of "fundamental market failures."[42] The report outlined four points regarding the understanding of health care: "[First], consumers of health care will not have sufficient understanding to always make sensible choices. Second, there are too many externalities associated with disease for the responsibility for rational decision making to be given to the individual alone. Third, there is likely to be little competition in the health sector because hospitals require very large investment to provide any service and are therefore more like a public utility than a private good. Finally, maldistribution of income is also likely to limit the ability of the poor to gain access to health care through the market."[43] In 1979, soon after the International Conference on Primary Health Care in the Soviet city of Alma Ata (now Almaty, Kazakhstan), McNamara created the Health, Nutrition and Population unit at the World Bank.

In 1980, the main background paper for the World Bank's *World Development Report 1980* argued that health was a basic human right; that reduction of morbidity and mortality in the population was at the core of the development process; and that health care planning should

incorporate all possible activities to improve health outcomes.[44] As for how health should be distributed, the authors echoed the 1975 health sector report. Not only did the report's authors state that "the use of prices and markets to allocate health care is generally not desirable," but they went on to argue that "incomes are not distributed in a manner that corresponds to health care needs of the population; consumers are not well qualified to select the best health services and thus cost is not a sound basis for choice; many people may be too ill to make health care choices and may rely on family members instead; eradication of disease has many social benefits that exceed private benefits; and finally, because health crises are frequently random and catastrophic, individuals cannot budget adequately to protect themselves."[45] The report itself ultimately identified user fees for health care, education, and water as major barriers to access. Taking the example of Malaysia, the report referred to the strong disincentive that user fees had on the utilization of clean piped water for the poorest 40 percent of the population.[46]

By the early 1980s, the language of some within the World Bank began to change. Over the decade when these reports emerged, there had been growing criticism of state-led development models. Development economist Howard Stein argues that the World Bank really began to move in the direction of neoliberal economics in the latter part of McNamara's tenure as bank president, after Ernest Stern, a managing director at the commercial and investment bank J. P. Morgan, became the vice president of operations and chair of the bank's loan committee in 1978.[47] Stern championed the idea of "structural adjustment" and brought the bank's ideological position much more in line with that of the more neoliberal IMF.

Structural adjustment policies, at their root a fundamentally neoliberal approach, were a game changer for the developing world. These gained traction after the oil price shocks following the 1973 oil embargo, during which the global economy faced a serious downturn, and many poor countries were forced to borrow from private lenders to remain solvent. At the beginning of the 1980s, it became clear that countries were not going to be able to pay the money back. In 1982, Mexico announced that it would stop servicing its debt. Private lenders panicked and withdrew credit.[48] Backed by the United States, the IMF—which had recreated itself as a lender of last resort in the mid-1970s—made it clear that it would lend money only to countries that undertook "structural adjustments" to their economies. These adjustments were based on the premise that fixing the "structural" causes of macroeconomic imbalances—through "stabilization," "liberalization," and "privatization" of economies—would lead to growth and development.[49]

In simple terms, "stabilization" meant not allowing excessive fluctuations in the macroeconomy (the economy as a whole). This is traditionally achieved by constraining monetary growth through the control of interest rates and cutting government spending to reduce inflation. For many countries, this often meant cuts in the areas of health, education, and social welfare. "Liberalization" meant removing the "distortions" and "inefficiencies" created by government participation in the economy by removing state intervention in the markets. For many poor countries, this meant "freeing prices" by removing government subsidies for such necessities as food or fertilizer for poor farmers. User fees, or charges to individuals for utilizing public goods such as education and health care, were introduced to promote "efficiency" in their allocation. And "privatization" meant selling state assets to the private sector, based on the idea that private ownership of such assets would be "more efficient."[50] For governments of poor countries, these requirements markedly reduced their control over their own macroeconomic and financial policies, limiting their ability to define development priorities; they also became a precondition for accessing subsequent loans and much foreign aid.[51]

Robert McNamara retired from the presidency of the World Bank in July 1981 and was replaced by Alden Winship Clausen, who left the posts of president and chief executive officer of Bank of America to take the job. Clausen was a believer in free markets and private sector institutions. In response to the debt crisis, he expanded the structural adjustment activities undertaken in the latter part of McNamara's tenure.

NEOLIBERALISM ENTERS THE WORLD OF INTERNATIONAL HEALTH POLICY

In 1981, the World Bank published the Berg Report—named after its lead author, economist Elliot Berg. Titled "Accelerated Development in Sub-Saharan Africa: A Plan for Action," the report blamed government economic policies for the poor economic performance observed in the region. It was considered a turning point in the bank's thinking from Keynesian economics toward a market-oriented approach. The report made a case for structural adjustment and argued for user fees at public health clinics, layoffs of staff, liberalization of the pharmaceutical trade, and contracting out of most activities to private firms.[52]

Stein credits Princeton-trained economist David de Ferranti for the shift to neoliberal thinking in the health group at the World Bank. He points to ten papers that de Ferranti and his colleagues wrote for the bank's Health, Nutrition and Population Unit between 1981 and 1985—on Malawi, Nigeria, Argentina, and Peru—where ideas such as "affordability" and "effectiveness" were introduced into health care decision making. Their basic argument was that "a health program is affordable if and only if each of the parties that must contribute to financing its operation at its design scale are able and willing to do so . . . [and] affordability is a necessary condition for achieving an efficient balance of resource use."[53] In response to the gap between resources and recurrent costs, de Ferranti and his colleagues focused on the need for policy adjustments to restrain public sector involvement in health while increasing user fees. Calling for "cost-effectiveness analysis" to identify interventions that would yield the greatest improvement in health status, he wanted to get rid of "needless" usage and waste in the system.[54]

Although de Ferranti has since changed his approach and is now an advocate of universal health coverage,[55] at that time, Stein argues, de Ferranti and colleagues worked to create a consensus that "efficiency of the public health sector could be improved by the introduction of user fees, which would raise the revenues necessary to make the health sector financially viable."[56] In 1985 de Ferranti wrote a working paper, "Paying for Health Services in Developing Countries," which argues that efficiency is maximized by competitive market prices.[57] He argued that user fees generated revenues, created efficiency in allocation, and enhanced equity through improvement in both supply and quantity of services. With scant evidence, he asserted that user fees were not likely to have an impact on the ability of sick people to access care and, in fact, would be better for the poor because the fees would lead to improved quality of medicines and clinics ("the supply side"). As far as providing preventive care, de Ferranti argued that people knew enough about their health status and would seek out care when they needed it. In 1987, de Ferranti, Nancy Birdsall, and John Akin published "Financing Health Services in Developing Countries," which called for decentralization of services. The aim of this paper was to encourage collection of revenues "as close to the point of service" as possible.[58]

By 1987, the World Bank's language had shifted completely from that used in 1975, as the bank adopted the dictum that "the use of prices and markets to allocate health care is [highly] desirable."[59] The decisions were not based on data from studies evaluating the effects of imposing user fees on target communities.[60] The economist Gunnar Myrdal—who shared the Nobel Prize with Hayek in 1974, "for their pioneering work in the theory of money and economic fluctuations and for their penetrating analysis of the interdependence of economic, social and institutional phenomena"[61]—is said to have commented that "neither definitional difficulties nor a lack of empirical data" impeded de Ferranti from advocating user fees and privatization of health care.[62]

THE EMERGENCE OF THE BAMAKO INITIATIVE

By the time the WHO and UNICEF convened the meeting of the African ministers of health in Bamako, Mali, in September 1987, the effects of the economic downturn and the debt crisis, exacerbated by neoliberal structural adjustment policies, had taken their toll.[63] Sub-Saharan African countries, which received about 50 percent of structural adjustment loans between 1980 and 1990, did not benefit from "the market" distributing key social goods and regulating the allocation of resources.[64] In fact, after having seen growth rates of 4 percent per year between 1973 and 1980, these countries now saw an annual *decline* in economic growth of 3.9 percent. After having grown by 0.6 percent each year between 1973 and 1980, real per capita income fell by 1.2 percent per annum between 1980 and 1989. Per capita food production fell by 6 percent over the decade. At the same time, debt increased by an annual compound rate of 12 percent; by 1989, debt relative to gross national product (GNP) was 98.3 percent, up

from 27.4 percent in 1980.[65] Despite the dismally low per capita health expenditures in these countries at the beginning of the 1980s, per capita expenditures continued to drop over the decade.[66] As far as health care, in twelve sub-Saharan African countries, per capita expenditures went down. In several of these countries, child mortality rates were over 200 per 1,000 live births.[67] The only notable increase in expenditures in these countries was in the area of defense.[68] In sum, much of the progress made in economic development in the 1960s and 1970s was lost due to the policies of the 1980s.[69]

According to Agostino Paganini, former head of the Bamako Initiative Management Unit of UNICEF, when James Grant arrived at the meeting in Bamako, he walked into a very difficult situation. He had already launched an advocacy effort ("Adjustment with a Human Face") to call attention to the high debt burden in many countries and the need to reschedule the debt.[70] He was in a battle with the World Health Organization, which accused him of not supporting more comprehensive primary health care as called for by the Alma Ata Declaration—a point that was partly true given Grant's unflinching support for *selective* primary health care, a less comprehensive approach that fit well with UNICEF's focus on vaccination and child nutrition. And he walked into a room where there was intense concern that without increased spending on the health sector, it would be impossible to achieve the goals for expansion of primary health care services that had been outlined by those present at the Alma Ata conference a decade earlier.[71] Paganini recalled, "Mr. Grant must have felt that something was to be done urgently if the Child Survival Revolution had to be preserved from the unproductive open-ended process of the WHO approach and the hard-nosed economic vision of the [World Bank]. The surprise launch of the Bamako Initiative during the September 1987 WHO Regional Meeting of the African Ministers of Health was his response to the critics . . . and his attempt to focus the world attention to the African situation."[72]

Grant knew that many health facilities lacked cash for even basic functions, and patients were not getting the care they needed. He recognized that many poor people were already paying for care and medicines (often of dubious quality) at private clinics and private pharmacies. If they could develop a strategy where governments paid salaries and some recurrent costs, and users contributed part of what they were paying in the private market, then perhaps the health system would survive and even be strengthened: "The communities were not expected to contribute *more* resources out of their pocket, but on the contrary to receive better quality services, curative as well as preventive, from a *fraction* of what they were already spending in the informal system."[73] The rest, Paganini explains, was meant to be financed by external bilateral and multilateral donors. In this way, "the availability of a limited, but lifesaving package of health services, both preventive and curative" would be guaranteed. As for the very poor, who could not pay, this would be left to "solidarity mechanisms under community control."[74] Grant presented a model that fit perfectly within the regnant economic orthodoxy.

The responses to Grant's proposal varied. In general, opposition was muted and no real alternatives were proposed. According to Paganini, although the African ministers approved the plan, "the public health community was split along ideological lines on the issue of equity."[75] The staff from the World Health Organization argued that middle- and low-income countries could not all be treated the same.[76] In the end, the World Health Organization went along with the plan but, according to Paganini, "was furious," presumably because the leadership had not been consulted ahead of time and had been one-upped by UNICEF in front of the ministers of health.

And the World Bank? Paganini describes its response as "timid interest." And why not? The plan contained the key principles laid out by neoliberal thinkers. Bamako's solution to the bank's policy of structural adjustment—a policy that restricted public sector health spending—was to turn to financing and organizational mechanisms that promoted user fees to raise revenue and decentralization so that funds would be raised "close to the point of service" and not go into central government coffers.[77] Viewed this way, it was the perfect "common sense" outcome. What was perhaps not obvious to most of those endorsing the proposal was that its principles were born from the mission of the Mont Pèlerin Society, the result of a decade of intense ideological construction. It was as if there was no alternative.

The Bamako Initiative was enthusiastically endorsed at the meeting and in subsequent years was implemented in a number of African and non-African settings. The founding principles of the initiative, which

interestingly called for a "national commitment to the development of universally accessible essential health services" and "substantial government financial support for primary healthcare, preserving, and, wherever possible, increasing the proportion of the national budget dedicated to basic health services,"[78] were ignored in most places. Instead, although framed in terms of "cost shifting" from cash-strapped governments to patients seeking care at clinics in often-impoverished locales, the outcome was to relieve governments of the responsibility of looking after their poorest citizens and to put the burden on individuals themselves regardless of their capacity to pay for services. That this exogenous idea had little to do with the desires of the communities in which it was implemented, and in most poor-country settings was entirely unlikely to generate significant funds, also had no dampening effect on the enthusiasm for the Bamako Initiative among those endorsing it.