



A Thousand Cuts: Social Protection in the Age of Austerity, Oxford University Press, 2023, 269 pp, £25.99, ISBN 978-0-19-063773-6

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The International Monetary Fund (IMF) has been a fundamental part of the international economic order since its foundation in 1944. Originally tasked with managing balance of payment issues, the IMF's role expanded significantly in the 1970s and 80s. This shift was in accordance with the breakdown of the post-war order of the welfare state and its replacement with neoliberal capitalism. After the Third World entered a debt crisis, the IMF shifted the majority of its activities to the Third World. The IMF offered liquidity to indebted nations to prevent default, but this funding was premised upon conditionality; funds were conditional upon implementing structural adjustment programmes, consisting of austerity, privatisation, trade liberalisation, and other pro-market reforms. These are neoliberal reforms, aimed at enhancing capitalist class power. This has given the IMF substantial – and outsized – influence on global social and economic policy.

There has been widespread debate on the 'success' of structural adjustment programmes in terms of social policy. The IMF itself has argued that they create the conditions for economic growth that enhances social protection. Another narrative, also emerging (mostly) from the IMF, is that the IMF has rectified its earlier failings, having discarded structural adjustment for poverty reduction and growth programmes. A third narrative argues both that policies imposed as conditions in structural adjustment programmes had disastrous social consequences and that they continue to do so. Alexandros Kentikelenis and Thomas Stubbs assess these narratives in *A Thousand Cuts: Social Protection in the Age of Austerity* through meticulous analysis of new data on conditionality. They use a methodological approach that, they argue, allows

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them to go beyond inferring a correlation between IMF conditionality and social policy by disaggregating conditions on lending into separate policy areas. This means that they are not only able to infer a causal relationship between IMF intervention and social outcomes in borrowing countries, but to isolate the type of condition that drives these effects. The authors argue that this will allow them to demonstrate that IMF conditionality continues to adversely affect social protection and social outcomes, thus validating the IMF critics. Any changes made to IMF practices regarding social policy, they suggest, is cosmetic; a significant gap exists between IMF rhetoric and practice.

Part I of the book consists of two chapters. Chapter 2 tracks the evolution of IMF conditionality. Whilst once conditions were purely ‘quantitative’, imposing macroeconomic targets that countries were forced to meet to unlock further funds, the IMF began to impose ‘structural’ conditions in the 1980s, those concerned not merely with the ends but also the means of policy. Unsurprisingly, the means chosen were mostly pro-market reforms. The authors also divide conditions into eight policy areas: external debt, financial/monetary, fiscal, trade, privatisation, labour, institutional reforms, and poverty reduction. Chapter 3 explains their methodological approach. The authors use data on all conditions from 1980–2019, using ‘country-years’ as the unit of analysis. Their ability to identify the effects of a particular type of condition, they argue, allows them to go beyond existing research. They use health expenditure, income equality, and health outcomes (the ‘outcomes of interest’) as proxies for social protection/social outcomes. The discussion in Chapter 3 (as the authors acknowledge) may be inaccessible to non-experts, but the authors appear to convincingly justify their methodological approach.

Part II applies their statistical model to health spending, inequality, and health ‘outcomes’, aiming to test whether IMF conditionality had adversely affected social conditions. Chapters 4, 5, and 6 follow a consistent format. First, they engage in a broad discussion of the various ‘pathways’ through which IMF conditionality affects the given outcome of interest. Second, they report the relationship between number of conditions and the outcome of interest. In all three chapters, more conditions are shown to worsen social protection. They also attempt to control for several pre-existing country-specific variables, such as proportion of working-age population, that may alter the effect of conditionality. Third, they apply their model to the type (structural or quantitative) of condition and their effects upon the outcome of interest. They are only confident in the (negative) effects of quantitative conditions on health spending and inequality and structural conditions on health outcomes. Fourth, they attempt to isolate the policy area of conditions that drives the adverse effects upon the outcome of interest. The results of this step are incomplete; in most cases, although their research generally points towards either adverse effects or no effect of conditions in each of the eight policy areas, in most cases they are not able to declare these findings with confidence for more than one policy area. For example, on inequality, they can only say for certain that ‘external sector’ conditions adversely affect inequality. Whilst disappointing, their data provides a foundation for future research, and any ambiguity seems to stem mostly from caution, which is to the immense credit of the authors.

Finally, each chapter in Part II ends with a more detailed case study. Chapter 4 on health spending ends with an analysis of the link between IMF conditions and health spending in West Africa. Chapter 5 on income inequality examines the effect of IMF conditionality on income inequality when the population is separated into deciles, leading to the interesting conclusion that fiscal consolidation boosts the income of those in the 10th (highest) decile, and reduces the income of those in the lowest seven deciles. Finally, in Chapter 6, they measure the effects of conditionality on 23 health indicators, again finding a detrimental effect. These comprehensive studies add further substance to their findings of their research. Two further chapters make up Part III. Chapter 7 casts doubt upon the suggestion that the Covid-19 pandemic has led to changes in IMF practice. Their findings indicate that the IMF is as committed to austerity and structural adjustment as ever. The eighth chapter makes some suggestions for reform of IMF lending and conditionality practices with reference to social protection and climate change adaptation.

There is much to recommend in *A Thousand Cuts*. As mentioned, this book is a conclusive vindication of IMF critics. Their findings on poverty reduction-related conditions are a case in point. The IMF poses poverty reduction as a corrective to earlier practices, and these conditions have become increasingly prevalent. The authors find, however, that poverty reduction conditions either have no effect or an adverse effect on social outcomes. This leads them to declare poverty reduction to be ‘the worst policy area for expanding coverage’ of essential health services. This casts doubt upon IMF rhetoric about its recognition of past errors. The authors present their data in an engaging manner and the discussion that accompanies their findings is considered and nuanced. The authors are constantly at pains to point out the potential biases and limitations of their data; for example, they are aware that using ‘country-years’ as their unit of analysis only captures the short-term effects of conditions, which may explain their inability to make more conclusive findings on the policy areas that affect social outcomes. They acknowledge that some of their disaggregated data may be ‘noisy’. However, their analysis is rigorous, and their research is carefully distinguished from earlier projects.

There are several (slight) drawbacks. Among the control variables used in their data analysis is ‘level of democracy’; attempting to use a quantitative measure of democracy seems questionable. When measuring the effects of conditionality on health spending and health outcomes, both outcomes are assessed by two measures: spending per capital and as a proportion of GDP for health spending and access to essential health services and neonatal mortality rate for health outcomes. However, inequality is only assessed according to the Gini coefficient. Perhaps another measure, such as the labour share of income (which is mentioned), could have been used. There could have been more recognition of the interaction between distinct types of conditions, especially in discussion sections. For example, in the chapter on inequality, the discussion of monetary policy does not refer to the effects of monetary policy upon labour conditions, that higher interest rates are often used against inflation for the purpose of increasing unemployment.

Perhaps the book’s most significant limitation is its naivety. Several chapters end with recommendations for IMF reform; Chapter 4 on health spending suggests that the IMF could use their findings to ‘recalibrate’. There are references to IMF-man-

dated reforms being ‘ill-conceived’ and to the IMF having a ‘mixed track-record’ of success, leading the authors to ask whether reform can allow the IMF to realise its ‘potential’. However, the IMF has, since its (neoliberal) shift, been startlingly successful. At that time, it took on the important role of ensuring that the Third World followed the West in its turn to neoliberal capitalism rather than advance a New International Economic Order. This is especially frustrating as the authors occasionally display such recognition. They refer, for example, to IMF programmes increasing inequality ‘by design’ in its imposition of market-based policy. They reference ‘underlying capitalist processes’ not captured by their research. They recognise that the IMF is a ‘creature of its political masters’ in the West and their capitalist classes.

Despite this, *A Thousand Cuts* is a rigorous, detailed, and nuanced look at the effects of IMF conditionality and structural adjustment upon social policy, social outcomes, and social protection. It may prove an invaluable tool in putting political pressure upon the IMF and opposing austerity both domestically and globally. Most importantly, as mentioned, it lays the groundwork for future research on IMF activities and market-based policy prescriptions.

Declarations

Competing interests The author reports no financial or non-financial interests that are directly or indirectly related to the work submitted for publication.

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