

# ROBIN BROAD JOHN CAVANAGH



# DEVELOPMENT REDEFINED

## How the Market Met Its Match



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Development Redefined  
How the Market Met Its Match  
Robin Broad and John Cavanagh

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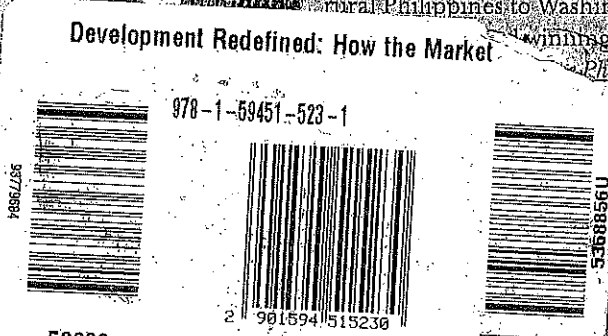
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This husband and wife team traveled from Geneva to the rural Philippines to Washington, D.C., to write this book as a follow-up to their award-winning *Plundering Paradise: The Struggle for the Philippines*. They live in Takoma Park, Maryland. Photo by Jesse.

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*In memory of  
Dick Barnet, James Chace, and Bill Maynes—  
who launched us as writers,  
and whose wise counsel and contagious laughter we miss dearly.*

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# Contents

<i>Development Redefined: A Time Line</i>	<i>ix</i>
1 What Is Development?	1
2 The Washington Consensus Emerges	13
3 The Citizen Backlash Erupts (with Walden Bello)	27
4 Myths About the Environment Strengthen	41
5 The North-South Divide Widens	53
6 The Washington Consensus Cracks	67
7 Post-9/11: Myths About Aid and Trade Resurface	79
8 New Lenses on Development	91
<i>Notes</i>	<i>109</i>
<i>Acknowledgments</i>	<i>125</i>
<i>Index</i>	<i>127</i>
<i>About the Authors</i>	<i>139</i>

## Chapter 1

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# What Is Development?

Abraham—subsistence farmer, community organizer, member of an indigenous community—forms his words slowly and deliberately: “Why is it that rich countries give aid, investments, and trade that are supposed to help us, but that end up destroying us? If you really want to help us, go back to your country and figure out why the world works this way.”

It is the late 1970s in the southern Philippines. Robin has been living with Abraham’s family in the province of Bukidnon, a land of mountains and forests and of ancient varieties of corn and rice where indigenous communities till land farmed by their ancestors for generations. Robin’s sojourn comes at a moment of intense struggle over control of those ancestral lands: Transnational agribusiness firms are expanding their plantations of pineapple for export, Philippine elites are using political connections with dictator Ferdinand Marcos to gain land titles to grow sugar for the world market, and international aid agencies are drawing up plans to dam the river.

Robin returns to live in the Philippines in the early 1980s, as World Bank technocrats push policies to accelerate further the shift to export agriculture and manufacturing all over the country so that ordinary people like Abraham can become more “productive.” Thousands are losing their lands in the name of “development.”

Decades later, the two of us visit Abraham’s family together. But the indigenous community is no more. Some of the land has been flooded by the dams. The pineapple plantations stretch as far as the eye can see, jutting

up against vast sugar plantations. The forests are distant memories. In Manila, we are told by government officials that the economy of the southern Philippines is growing, but what we see and hear when we visit Abraham's family is that the majority of people and the forests that sustained them are not. People who were poor but subsisting when Robin lived with them in the late 1970s now seem desperate.

This book is an attempt to understand what happened in communities like Abraham's. It is an attempt to answer Abraham's question after thirty years of inquiry. Now is the right moment to do so: We are nearly a decade into the new century, at a moment that marks the end of what may well be the most destructive development era of modern history. This book travels back in time, deep into that era, and then moves forward to examine the possibilities for a better future.

Throughout, the book revolves around the key questions inherent in Abraham's challenge to Robin three decades ago: What is "development"? Development for whom and by whom? How does one make it happen? Is "development" necessarily positive? What happens when external forces, beyond the control of local communities, become the determining factors and when development is defined narrowly as economic growth?<sup>1</sup>

Nearly three decades ago, elite institutions and individuals announced that the quest to find the answers to these questions had ended. The truths of development had been uncovered: Development was economic growth. And the magic button for catalyzing economic growth was clear: Let the invisible hand of the free-market reign. This orthodoxy placed free markets on a pedestal and asserted that unfettered private sectors are better than governments in solving the world's economic woes. Moreover, it was said that resolving such economic woes through economic growth would automatically translate into resolving social, political, and environmental woes. The answer was presented as fact—as undisputable fact proven by economic theory. There was to be no more debate.

There are few precedents in history to the drastic shift in global economic orthodoxy that occurred in the half-decade between 1980 and 1985. After two decades (1960 to 1980) of countries pursuing vastly different development paths, many of them successful in raising standards of living, dozens of countries pursued a radical shift in policy over the course of a mere half-decade.

And thus started the reign of what became known as the "Washington Consensus," or "neoliberalism," or what financier George Soros aptly termed "market fundamentalism"<sup>2</sup> in the 1980s and 1990s. It was economist John Williamson (then of the Washington, D.C.-based Institute for International Economics) who coined the phrase "Washington Consensus"

to sum up this growing policy consensus in ten areas of economic reform that reflected free-market strategies to achieve export-led growth—with specific policies ranging from trade liberalization to privatization of state-owned firms.<sup>3</sup> The Washington Consensus, he argued, was shared by "both the political Washington of Congress and senior members of the administration, and the technocratic Washington of the international financial institutions, the economic agencies of the U.S. government, the Federal Reserve Board, and the think tanks."<sup>4</sup>

"Washington Consensus"—it is a curious but fitting term. And we cannot help but comment on its even more curious—and biased—research design: Polling such D.C.-based elites as those at the World Bank, the IMF, and the U.S. government in the late 1980s for views on development is akin to polling those in power at the Ministry of Magic and the Death Eaters AFTER the Dark Lord has taken control to determine the prevailing consensus and to intimate that the new elite consensus reflects the "correct" way forward. Should not the researcher poll Harry Potter and his followers?

Indeed, the Washington Consensus that Williamson uncovered was hardly one emanating from the majority of the people in this world, the supposed eventual beneficiaries of "development." Instead, neoliberalism provided an ideal environment for Wal-Mart, Ford, ExxonMobil, and the rest of the Fortune 500 to flourish as they spread their assembly lines, shopping malls, and American culture around the world. It was, by Williamson's definition, a consensus among elites, focused narrowly on catalyzing aggregate economic growth. As Williamson later acknowledged, "I deliberately excluded from [my] list [of the ten areas] anything which was primarily redistributive . . . because I felt the Washington of the 1980s to be a city that was essentially contemptuous of equity concerns."<sup>5</sup> Likewise, explained Williamson, the Consensus "had relatively little to say about social issues . . . and almost nothing to do with the environmental question."<sup>6</sup>

But in those countries where Consensus policies were actually applied, the on-the-ground impact almost never meshed with the theoretical propositions, even in terms of catalyzing economic growth. Moreover, those issues about which Williamson's "Washington of the 1980s" was "contemptuous" or had "little to say"—those issues of social, environmental, and political justice—turned out to matter a great deal to the supposed beneficiaries. And, indeed, as the era of market fundamentalism unfolded and its effects started to be felt on the ground, local "backlashes" emerged on every continent save Antarctica, initially to protest Consensus policies and subsequently to assert alternatives.

The first signs of resistance appeared in India, the Philippines, and several other countries in the 1970s, often where local communities rose up against World Bank incursions. After the World Bank proposed a series of dams across the Chico River in the northern Philippines, for example, the indigenous communities in the area took the unprecedented step of writing then World Bank president Robert McNamara to halt the flooding of their ancestral domain. They received no answer. The local people protested on the ground, meeting with violent reprisals from the authoritarian Marcos government. Still no answer from the World Bank. And so the local people resorted to a different technique: When the technical folks arrived, indigenous women bared their breasts in protest to keep the project from going forward.<sup>7</sup>

That was more than thirty years ago. Things have clearly changed since then in terms of formal and informal structures of protest and accountability. There are now sophisticated global and local civil-society campaigns focused on the World Bank and other public and private institutions that set the rules for global trade and investment. In Africa, Asia, Latin America, and the Caribbean, groups such as the Jubilee South debt cancellation network and the Hemispheric Social Alliance have become forceful actors on the global stage. Over time these backlashes and groups evolved into a global movement, a “movement of movements”—what those who are a part of it have called the global justice movement, the global backlash, globalization from below, the anti-corporate globalization movement, the alter-globalization movement, or the anti-globalization movement.<sup>8</sup> By the early 2000s, the World Social Forum gatherings were attracting more than 100,000 participants to an “alternative space” to explore, share, and build joint strategies around alternatives to the Washington Consensus.<sup>9</sup>

The clash of paradigms—Consensus versus alter-globalization movement—has now spanned nearly three decades. The Consensus, seemingly unstoppable in its advance from the mid-1980s to mid-1990s, now stands severely wounded. The alter-globalization movement can no longer be judged simply as a protest or defensive movement; its alternatives—alternatives in theory and in practice—can now be assessed on local, national, regional, and global levels.

### Why This Book, and Why Now?

Let us repeat our earlier words: We stand at a moment marking the end of what may well be the most destructive development era of modern history. And so its story must be retold, because now we know not only the

beginning but also the end—and we know the key historical markers in the middle. We can look back over the era, study the markers, and try to understand what happened and why.

While we are at the end of an era, one must be very careful to understand our word choice. We have not said that free-market policies are dead; rather, their reign as a consensus in Williamson’s sense of the term has ended. Some key centers of power still subscribe to its religion, but the era of a prevailing paradigm is over.

Hence, it is a propitious moment to take stock. Understanding the rise and fall of the Washington Consensus is critical to understanding the suffering of billions of people in well over a hundred countries and the paths that are available to them in the future. This history is important in and of itself. But the historical evolution of neoliberalism, the evolving critiques of it, and the growth of a backlash of both citizen groups and some governments are critical to understanding the contemporary development debate—and the obstacles and possibilities of the current moment.

Why not simply start in the current period? Too often, the prevailing orthodoxy of development in theory and practice is presented ahistorically. Indeed, we would not be surprised if some of you reading these pages were unaware that there was ever a vibrant development debate or that “free-market fundamentalism” did not always reign.

We would argue that one cannot understand the end of the era by just standing in the current moment. Rather, one has to witness the dynamics up close, to touch ground at various moments during the past decades. To understand the current historical moment—and what we believe are its very positive possibilities and very real challenges—we must travel back in time.

Time travel allows us to discover the dynamics, the strengths, and the weaknesses of various sides of the development debate, as well as the convergences and divergences of different moments in history. Time travel allows us to witness moments of hope as well as moments of disappointment, moments at which things could have changed. You will see the holding power of the Consensus model—for example, how it maintained its dominance through power shifts in Washington. As you will see, in 1993 we held out hope that the new Clinton administration might move beyond the dominant paradigm. However, we discover that in 1995 and 1999 this dominant paradigm still transcended richer-country politics, and we analyze why.

Time travel is also vital so that we can learn the lessons—both positive and negative—from this era, and so that we can avoid the mistakes of the past as we chart the future. Understanding the rise and fall of this

development orthodoxy and the rise of alternatives should also remind us that development rules and institutions—indeed, even paradigms—can be created and can be changed. They were in the 1940s. They were again in the early 1980s. They are being changed right now, and they can be changed again in the years to come.

U.S. president Harry Truman's secretary of state, Dean Acheson, immodestly described his moment in history marked by World War II and the immediate postwar years as his being "present at the creation" of the post-World War II global economy.<sup>10</sup> Today, we need to be aware that we are present at the creation of a new development era.

Thus, this book and its time travel.

### Tour Guides

Because we two are the self-appointed tour guides for your time travel, we need to tell you more about ourselves. It was to our good fortunes to have come onto the development stage *before* the reign of the Washington Consensus. Indeed, unbeknownst to us, we each began the research for this book in the 1970s.

Our stories begin separately. For Robin, those pre-Consensus experiences included frequent sojourns to the Philippines, a country that was a prime early "guinea pig" of neoliberalism. Robin's development experiences started in the late 1970s when she spent that year in the southern Philippines, working with the indigenous community whose ancestral land was threatened. It was this experience that focused Robin's eyes on the human cost of so-called development and onto the global economic context of development. The forces behind investment, trade, and aid were outside the control of that indigenous community, yet these forces exercised a huge impact on the lives of individuals, their communities, and their environment.

John's story also begins in the 1970s. In 1977 he moved to Geneva, working at what was one of the most vibrant hubs of development activity and optimism in that pre-Consensus era: the UN Conference on Trade and Development (UNCTAD). There, at UNCTAD, global economic agreements were being negotiated among governments to try to ensure fair and stable prices for the key commodities on which poorer countries had come to depend—coffee, tea, sugar, tin, and others. John participated in meetings of representatives from cotton-producing and -consuming countries as they attempted to hammer out a price-stabilizing international cotton agreement. Despite the fact that the U.S. government delegation

included executives of cotton-trading conglomerates hostile to the agreement, it was a time of hope and possibility in terms of changing the rules of the global economy. During this period, John developed expertise on transnational corporations at UNCTAD as well as at the World Health Organization, which, in the 1970s and early 1980s, turned a spotlight on the giant corporations that controlled the marketing of infant formula, tobacco, alcohol, and pharmaceuticals.

In the late 1970s, fresh from the Philippines and Switzerland, we met as graduate students at Princeton University, where we pursued "development studies." We were fortunate to begin our studies in the late 1970s—before the development dogma of the 1980s hardened into a firm ideology. We studied under (among others) Nobel Prize laureate W. Arthur Lewis, who encouraged us to follow the ever-changing global economy, as well as the possibilities and obstacles presented by technological change. We each found a mentor in international human-rights lawyer Richard Falk, who directed our intellectual gaze to the public and private institutions that steer the global economy.

Throughout our studies, we were encouraged to debate and to eschew facile answers to complicated problems. What really did "development" entail economically, socially, politically? How did colonial powers, global corporations, and public institutions such as the World Bank and the International Monetary Fund steer "development" (read: economic growth) toward the interests of the few? And what were the various paths to development? How was one to assess Kenya's free-market model, for example, versus Julius Nyerere's self-reliant path for Tanzania?

Being at centers of debate—in the rural Philippines, in the United Nations, and in our particular corner of academia—perhaps made us all the more sensitive to the changing winds of the official development debate.

As the era of neoliberalism began, Robin returned to the Philippines for another year to follow the negotiations between international donors and top Philippine government officials to reshape that country's policies to fit the Washington Consensus. Then, in the early 1980s, Robin witnessed the gelling of the Consensus from "insider" posts as an international economist working on the World Bank and the InterAmerican Development Bank at the U.S. Treasury Department (during the administration of Ronald Reagan). There, she was struck by the certainty of political appointees at Treasury about the unquestioned correctness of these policies. She went on to work on Third World debt as a staff economist in the U.S. Congress. She left the U.S. government in the mid-1980s—under a fellowship from the Council on Foreign Relations—to reflect and write on the narrowing development debate and on the international economic context for development.

As market fundamentalism gelled in the early 1980s, John moved to Washington, D.C., to work at the nonprofit Institute for Policy Studies (IPS). First as head of its global economy project and then as director of IPS, John has been in the middle of debates over debt, trade, and development. As part of his work, John advised groups that formed the global debt relief movement, and he helped bring together researchers and activists from North and South into the International Forum on Globalization to critique neoliberalism and pose alternatives. He was one of the roughly sixty thousand participants in the so-called Seattle Coalition that initiated the era of mass protests and teach-ins in November 1999 at a key global trade meeting. And, often with Robin, he joined other prior and subsequent demonstrations and meetings on globalization.

### Travel Itinerary and Guide Book

It is a matter of some serendipity that our period of observing and writing together allowed us to observe the rise and fall of the Washington Consensus and witness (and participate in) the rise of the alter-globalization movement. We learned by traveling through it, by feeling, smelling, and tasting the protests and the alternatives of numerous parts of the backlash. The massive marches in places such as Seattle were a tribute to, and a result of, the enormous devastation of neoliberal policies on workers, who carried banners alongside farmers, environmentalists, women, students, and religious and health care activists. And, thus, as we stated, we are marking the end of the era by traveling through it again, this time with you.

Your trip itinerary in brief: The next six chapters chart the rise and fall of the Washington Consensus and the rise of its global critics. Each chapter is a resting point at a critical juncture as we travel through time and witness the Consensus's dramatic emergence (Chapter 2), the birth of the alter-globalization movement (Chapter 3), the addition of environment to the debate (Chapter 4), the Clinton administration's embrace of the Consensus (Chapter 5), the emergence of deep cracks in elite circles over the Consensus by the turn of the century (Chapter 6), and the attempt by elites to resuscitate the Consensus after September 11, 2001 (Chapter 7). We conclude with a chapter that addresses the prospects that a new "development era" can rise from the ashes of the old, and we offer a multifaceted "development" lens through which readers can view and assess new policies, rules, and institutions.

Each of the stops along the trip provides a we-were-there look on this constantly evolving development debate in theory and practice. As we

travel, we focus on three key intersecting threads that each of the chapters addresses at a different moment in time over this twenty-year period:

**1. What are the key tenets of this dominant development paradigm (interchangeably referred to as the Washington Consensus, market fundamentalism, or neoliberalism), who is behind it, and how is it being imposed on poorer countries?** The chapters that follow start with the creation of World Bank "structural adjustment" loans in 1979–1980 and the onset of the debt crisis in 1982 as levers for imposing neoliberalism. The chapters proceed to watch and analyze as cracks emerge in the model in the late 1990s, and as events of September 11, 2001, bring a renewed burst of commitment to and rationalization for key aspects of the Washington Consensus approach among elite supporters.

**2. What are the key myths of the "Washington Consensus" approach, and what have been its key flaws?** Debates over neoliberalism erupted around the world in the 1990s and, although interrupted by September 11, continue right up to the present. These debates are heated and acrimonious, and many amount to nothing less than a clash of paradigms. In several of the chapters, we take on different sets of myths and faulty assumptions that were put forward by proponents of neoliberalism at various moments over the past two decades. In Chapter 2, we start with our critique of the approach in economic terms, disputing assumptions about how neoliberal policies would catalyze economic growth in the South. In Chapter 3, we challenge myths concerning the alleged social and economic benefits of neoliberalism. Chapter 4 zeroes in on myths about the ostensible benefits of neoliberalism for the environment. Chapter 5 counters myths about the purported closing of economic gaps within and among nations, and Chapter 7 challenges historical and newly resurrected myths about poverty as the problem and about "more aid" and "more trade" as solutions. The chapters also demonstrate where critics (including the authors) predicted severe flaws with this paradigm (for example, the surge of short-term financial flows that led to the Asian crisis in 1997) that, while dismissed by the proponents of the Washington Consensus, proved to be correct.

**3. Who makes up the citizen backlash—or alter-globalization movement—and what is this movement proposing?** The book offers you a front-row seat to watch the evolution of this global movement from its birth in the 1980s, to the growth of labor, environment, farm, religious, student, health, women, and other activists in the 1990s, to the emergence of governments in Latin America and elsewhere who opposed the dominant paradigm in the first decade of the 2000s. The chapters chart this evolution, and the evolution of a diverse menu of ever-more



sophisticated alternative development proposals and institutions that emphasize dignified work, a clean environment, and healthy communities. A final chapter, written in 2008, sums up the best current thinking and initiatives of the alter-globalization movement at local, national, regional, and international levels.

### Background for Your Travel: The Age of Debate (1960–1980)<sup>11</sup>

As mentioned above, we each entered the development debate during the previous era, the one that spanned the 1960s and 1970s. A few words on that era are necessary background for your time travel, which will start in the 1980s.

In the first three decades following World War II, particularly since 1960, there was a lively debate in many parts of the world over the respective roles of government and the market in the development process. During that period, most development scholars and practitioners did not believe there was a need for an overarching macroeconomic model—a cookie-cutter model—for all countries to follow. Indeed, the post–World War II decades of Keynesian economic thinking spread appreciation of different active roles that governments could play in steering economies, and various countries experimented in different ways. “We are all Keynesians,” U.S. president Richard Nixon announced in 1971, with words that sound almost posterous now.<sup>12</sup>

Prior to the 1980s, most developing countries favored a fairly strong governmental role in development planning and policies, fearing that unfettered markets in a world of unequal nations would put them at a disadvantage. In fact, most of these governments maintained trade restrictions of some sort and gave preferences to national over foreign investment. Regulating financial flows in and out of a country was the norm for both developing and developed countries.<sup>13</sup>

In many poorer nations, governments pursued different versions of what became known as “import-substitution industrialization,” wherein they created incentives to help certain industries take off. This was partly rooted in research by Latin American economists—notably Argentine Raul Prebisch and his fellow “structuralists”—that poorer nations were structurally disadvantaged in the global economy by overreliance on exports of raw materials (both agricultural and mineral), given “declining terms of trade” whereby prices of such commodities tended to rise more slowly than those of the manufactured goods those poorer countries imported.<sup>14</sup>

By building up the capacity for industrial exports through, for example, processing cotton into textiles or petroleum into petrochemicals, these nations could eliminate that disadvantage. Some countries, such as Turkey, Mexico, and Brazil, had begun to pursue those policies during the Great Depression of the 1930s as world trade declined, and many more turned to these import-substitution policies in the 1960s and 1970s.

Meanwhile, in Africa in the 1960s and 1970s, a number of newly independent governments embraced what some called “African socialism,” which borrowed from import substitution and mixed it with traditional African notions of society, collectivism, and the village economy.<sup>15</sup> The best known of these experiments was Tanzania under the flamboyant leader Julius Nyerere, who championed village-based self-reliance.<sup>16</sup>

These various models of national development, with strong governmental involvement, had their counterparts at the regional and global levels. At the regional level, countries in several parts of the world constructed regional trade blocs. The logic of these blocs was that several countries acting together could create “economies of scale” at a regional level. For example, the Nicaraguan economy was too small to support an automobile industry, but Central America could develop one if nations created a uniform external tariff and reduced trade barriers between the nations within the regional bloc. On this logic, cooperative trade agreements were created in the 1960s in Central America, the Caribbean, Andean nations, and East Africa.<sup>17</sup>

At a global level, in forums such as the UN Conference on Trade and Development with structuralist Raul Prebisch as its first secretary-general (and where John worked in the late 1970s and early 1980s), poor nations began to craft a global economic architecture as early as the 1960s. They gave an overarching name to these various proposals: the “new international economic order.”<sup>18</sup> They argued that one could close the widening gap between rich and poor countries through collective government action to raise commodity prices and stimulate technology transfers and development assistance. A core pillar of this agenda was the range of international commodity agreements, such as the one on cotton on which John worked, to raise and stabilize prices.<sup>19</sup> Several of these agreements were put in place.

The popularity of such agreements among poor nations skyrocketed after 1974, when the world watched poorer oil-exporting nations form an organization, the Organization of Petroleum Exporting Countries (OPEC), which quickly managed to quadruple the global price of oil through supply management. Indeed, the rise and power of OPEC gave “power” to the New International Economic Order during the 1970s. But, as poor nations coalesced, key rich nations fought back. As the decade progressed,

the U.S. government rallied rich country governments to oppose most of these proposals, and most were stalled by the early 1980s.

During the 1960s and 1970s, however, many economies grew rapidly by deploying a variety of these alternative approaches.<sup>20</sup> At the same time, the seeds of the later Washington Consensus were planted by economists such as the University of Chicago's Milton Friedman,<sup>21</sup> and politicians such as Arizona senator Barry Goldwater, the unsuccessful Republican U.S. presidential candidate in 1964. Friedman's "radical" free-market notions were given an incubator in the 1970s when Chilean general Augusto Pinochet seized power in a bloody coup in 1973. U.S. advisors, the notorious "Chicago-boys," were welcomed by the new dictator to apply free-market "shock therapy" to the formerly socialist Chile.<sup>22</sup> Free-market backers pointed to these policies' impact on dampening inflation and creating growth in certain parts of the economy. Other nations, such as Kenya, likewise began to experiment with free-market policies.

But still, there was a debate. And Kenya and Pinochet's Chile were rather lonely islands of free-market policies until the 1980s—until ... well, let us leave that story for the next chapter, in which we travel back in time to the 1980s.

To meet the actors behind the Consensus and those who would crack it, put on your seatbelts. The next 100 or so pages are a ride through some of the most dramatic development history of recent times—a tale of individuals, of institutions, of power, and of coercion, and a tale of life and death issues for the poorer majority who inhabit this earth.

## Chapter 2

# The Washington Consensus Emerges

For our first trip back in time, we bring you to the late 1980s, and to a transformed development landscape. The world had shifted from where we left it in the 1970s, with Chile being among the few laboratories of Milton Friedman's free-market experiments to a world where market fundamentalism had become the reigning doctrine, not just in poorer nations but in richer ones as well.

How did this happen?

To set the scene: During the first half of the 1980s, backers of what the conservative U.S.-based Heritage Foundation would call the "free market silent revolution" would take advantage of four phenomena to engineer a perfect storm for the rapid ascent of the Washington Consensus.

First, market fundamentalists spread a simplistic argument about the roots of a major problem: the unusually high levels of inflation experienced by many (richer and poorer) economies (including the United States) in the late 1970s. In some Latin American nations, this hyperinflation reached triple-digit levels. Many factors led to the inflation, including huge surges in oil prices during the 1970s. But free-market backers invariably pointed fingers at one culprit that conveniently served their purposes: "too much" government that spent "too much" money to implement import-substitution-industrialization (ISI) policies. \*

# Notes

## Notes to Chapter 1

1. We write mindful of the distaste the term “development” has for some. We believe, however, that to frame the word “development” as we have in these questions makes it clear that we are not defining development as economic growth, or as modernization, or in such senses as suggested by U.S. president Truman when he ushered in the “program of development” in 1949. Whether the challenge is to redefine “development” or to use another term as that redefined goal, we see the essence of the quest as similar.

For further reading on what Wolfgang Sachs calls the “tainted . . . glasses . . . in the prevailing development discourse,” see Wolfgang Sachs, ed., *The Development Dictionary: A Guide to Knowledge as Power* (London: Zed, 1992) (Sachs’s quotation is from p. 5); Arturo Escobar, *Encountering Development: The Making and Unmaking of the Third World* (Princeton: Princeton University Press, 1995); and Gustavo Esteva, with M. S. Prakash, “Beyond Development, What?” *Development in Practice* vol. 8, no. 3 (August 1998): 280–296.

2. George Soros, *On Globalization* (New York: PublicAffairs, 2002), pp. 4–10.

3. The ten areas of consensus in terms of neoliberal, free-market policies, as noted by Williamson, are these: “fiscal discipline” (that is, policies to combat fiscal deficits); “public expenditure priorities” (cutting expenditures through the removal of subsidies and the like); “tax reform”; “financial liberalization” (moving toward market-determined interest rates); competitive “exchange rates”; “trade liberalization” (replacing licenses with tariffs and reducing tariffs); “foreign direct investment” (that is, removing barriers); “privatization”; “deregulation” (of impediments to competition); and “property rights.” See John Williamson,

*The Progress of Policy Reform in Latin America*, Policy Analyses in International Economics, no. 28 (Washington, D.C.: Institute for International Economics, January 1990).

4. Williamson, *Progress of Policy Reform in Latin America*, p. 9.

5. John Williamson, "Democracy and the 'Washington Consensus,'" *World Development* vol. 21, no. 8 (1993): 1329.

6. Williamson, *Progress of Policy Reform*, p. 83.

7. See *Philippines: Repression and Resistance—Permanent Peoples' Tribunal Session on the Philippines* (Utrecht, The Netherlands: Philippine-European Solidarity Center-Komite ng Sambayanang Pilipino [PESC-KSP], 1980).

8. As you will discover as you read on, we believe that the term that most accurately reflects this movement is "alter-globalization," since the movement encompasses both alternatives to the current economic globalization and alternative ways to globalize economically. We find the term "anti-globalization movement" faulty and misleading, since it suggests that the movement is *against* any forms of globalization. For Richard Falk's early use of the term "globalization from below" (which was later picked up by Jeremy Brecher and others), see Richard Falk, "The Making of Global Citizenship," in *Global Visions: Beyond the New World Order*, eds. Jeremy Brecher, John Brown Childs, and Jill Cutler (Boston: South End Press, 1993).

To follow academic work on these movements, see the journal *Globalizations*, and the work of its editor Barry Gills. See also Jan Aart Scholte, *Globalization: A Critical Introduction* (New York: Palgrave Macmillan, 2005), and James Mittelman, *The Globalization Syndrome: Transformation and Resistance* (Princeton: Princeton University Press, 2000).

9. See, for example, Jai Sen, Anita Anand, Arturo Escobar, and Peter Waterman, eds., *World Social Forum: Challenging Empires* (New Delhi: Viveka Foundation, 2004); and Jackie Smith et al., *Global Democracy and the World Social Forums* (Boulder, Colo.: Paradigm Publishers, 2008).

10. Dean Acheson, *Present at the Creation: My Years in the State Department* (New York: W. W. Norton, 1969).

11. For more details on this era of history, see Robin Broad, Part II: "The Historical Context" in *Global Backlash: Citizen Initiatives for a Just World Economy* (Boulder, Colo.: Rowman and Littlefield, 2002), pp. 63–114.

12. Quoted in Ramesh Ponnuru, "'We Are All Clueless Now': The Eclipse of Economies—Neither Party Has a Clear Economic Policy," *National Review*, November 8, 1999.

13. Three books that cover the history of these debates over the government role in development are Ha-Joon Chang, *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism* (New York: Bloomsbury Press, 2008); James Fallows, *Looking at the Sun: The Rise of the New East Asian Economic and Political System* (New York: Vintage, 1994); and Ann Tickner, *Self-Reliance Versus Power Politics: American and Indian Experiences in Building Nation-States* (New York: Columbia University Press, 1987).

14. For an excellent recapitulation of structuralism in original texts, see Raul

Prebisch, *The Economic Development of Latin America and Its Principle Problems* (New York: UN Department of Economic Affairs, 1950); Albert Hirschmann, *The Strategy of Economic Development* (Hartford, Conn.: Yale University Press, 1959); Andre Gunder Frank, "The Development of Underdevelopment," *Monthly Review* (September 1966): 11–23; and the *CEPAL Review*, the publication of the UN Economic Commission for Latin America and the Caribbean, during this period.

15. This is covered in the more recent work by John Rapley, *Understanding Development: Theory and Practice in the Third World* (Boulder, Colo.: Lynne Rienner, 2002), pp. 30–33.

16. For the classics on this, see Nyerere's writings and speeches, including Julius Nyerere, *Freedom and Development* (Dar-es-Salaam: Government Printer, 1973). For an interesting analysis (which was not yet written when we were graduate students), see Joel D. Barkan, "Divergence and Convergence in Kenya and Tanzania: Pressures for Reform," in Joel D. Barkan, ed., *Beyond Capitalism vs. Socialism in Kenya & Tanzania* (Boulder, Colo.: Lynne Rienner, 1994).

17. For more detail from a former UNCTAD official, see Nassau Adams, *Worlds Apart: The North-South Divide and the International System* (London: Zed Books, 1993). See also Chandra Hardy, "Toward a Self-Reliant South: Trading Its Way out of a Long Crisis," North-South Institute, 1990.

18. For the New International Economic Order (NIEO) declaration plus its attached "programme of action," see Karl P. Savant and Joachim W. Müller, *The Third World Without Superpowers*, 2d series, vol. 20: *The Collected Documents of the Group of 77* (New York: OCEANA Publications, 1995), pp. 337–354.

19. For more on how ICAs worked, see Nassau Adams's *Worlds Apart*, as well as Belinda Coote, "You Can't Pay the Doctor in Millet: Controlling International Commodity Prices," in *The Trade Trap* (Oxford: Oxfam, 1992).

20. See, for instance, Mark Weisbrot and Dean Baker, "The Relative Impact of Trade Liberalization in Developing Countries," Center for Economic and Policy Research, Washington, D.C., 2002.

21. Naomi Klein has done a detailed analysis of Milton Friedman's impact on Chile and other countries in *The Shock Doctrine: The Rise of Disaster Capitalism* (New York: Metropolitan Books, 2007). See also J. Richard Peet, *Geography of Power: The Making of Global Economic Policy* (London: Zed, 2007).

22. Orlando Letelier, "Economic 'Freedom's' Awful Toll," *The Nation*, August 28, 1976. See also Walden Bello's November 2007 review of Naomi Klein's *The Shock Doctrine* in "Foreign Policy in Focus" (<http://www.fpif.org/fpiftxt/4725>).

## Notes to Chapter 2

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