Robin Broad is a professor of international development at the School of International Service, American University. John Cavanagh is director of the Institute for Policy Studies. They are the coauthors of Plundering Paradise.

The Death of the Washington Consensus?

Robin Broad and John Cavanagh

Between the early 1980s and the late 1990s, an elite consensus swept the globe that unfettered free markets provided the formula to make rich countries out of poor. In policy circles, this formula came to be known as the "Washington Consensus."

As we approach a new century, however, deep cracks have appeared within this consensus. Its legitimacy has come into question in the face of an increasingly effective citizens' backlash in North and South, and there is growing dissension within the ranks of its backers, as the effects of the financial crisis of the late 1990s are felt around the globe. While not yet dead, the consensus has been wounded—and potentially fatally so.

Our essay analyzes the reign of the Washington Consensus and what we see as its loss of legitimacy in the global economic upheavals of recent years. It is written neither to help rebuild the consensus nor to mourn its possible fall. Let us be clear from the start: we were never part of the consensus. In numerous articles written over the last decade and a half, we have chronicled the human and environmental wreckage of consensus policies. Our goal here is to dissect the reign and analyze the cracks in the consensus, and to reflect upon the lessons learned in terms of a new development agenda.

What is needed, we argue, is not a new Washington-driven and Washington-dominated consensus, but a vibrant new debate, a debate that must involve the supposed beneficiaries of development —workers, farmers, the urban poor, indigenous communities—in determining the goals and policies of new paths to development.

The Reign of the Washington Consensus

In the first three decades following the Second World War, there was a lively debate over the respective roles of government and the market in the development process. Prior to the 1980s, most developing countries favored a strong governmental role in development planning and policies, fearing that unfettered markets in a world of unequal nations would put them at a disadvantage. As a result, most of these governments maintained trade restrictions of some sort, gave preferences to national over foreign investment, and regulated capital flows in and out of the country.

In the United Nations, these countries backed a "new international economic order" agenda to close the North-South gap through collective government action to raise commodity prices and stimulate technology transfers and development assistance. Particularly during the 1970s, the U.S. government rallied rich country governments to oppose most of these proposals.

This development debate was extinguished with the emergence of the governments of Margaret Thatcher, Ronald Reagan, and Helmut Kohl in the early 1980s. With strong corporate support, these governments championed free trade, free investment, deregulation, and privatization as the best route to growth. Exxon, Ford, and the rest of the Fortune 500 flourished as they spread their assembly lines, shopping malls, and American culture around the world. In

1990, the economist John Williamson (then of the Institute for International Economics and now of the World Bank) summed 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.[1] 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."[2]

The power of the Washington Consensus over development theory and practice in the 1980s and 1990s is hard to overstate. That once vibrant debate about development all but disappeared as the consensus took on almost religious qualities. The high priests of the consensus—the U.S. Department of Treasury, the International Monetary Fund (IMF), and the World Bank—were in Washington. Converts to the cult of the consensus spread far beyond the Beltway—as with other religions, through a combination of the appeal of its simplicity, proselytizing by its believers, and outright coercion.

Indeed, beginning in 1982, the majority of developing countries lost substantial leverage over their economic destiny as foreign debts incurred during the preceding two decades fell due at a moment of historically high interest rates. The U.S. government, working with the governments of other rich nations, pressed developing countries into the free-market paradigm as a condition for new loans. The IMF was assigned the role of enforcing the policies; the World Bank urged similar reforms through its new "structural adjustment" loans.

As a result, by the 1990s most developing country governments—with the exception of such East Asian "tigers" as South Korea and Taiwan—had become converts to free-market policies. Over the course of the 1980s and 1990s, the governments of developing countries substantially reduced trade barriers, and many removed longstanding restrictions on capital inflows and outflows.

The high priests of the Washington Consensus were arrogant and acted as if there was no further need for debate and discussion about what development entailed or how to make it happen. They saw little need for country-specific experts, and detailed field studies were deemed a waste of time. One of us worked as an international economist in the Treasury Department from 1983 to 1985, where it was an article of faith that the IMF and World Bank formula was the only route for countries to follow. Those of us daring to criticize the consensus were treated like heretics.

By the early 1990s, the consensus steamroller was changing the contours of development policy and practice across the globe. Its backers pressed successfully for an acceleration of corporate-friendly globalization rules, leading to the passage of the North American Free Trade Agreement (NAFTA) in 1993 and the creation of the World Trade Organization (WTO) in 1994. Each victory whetted the appetite of consensus backers for more. The IMF and World Bank, in tandem with the U.S. Treasury Department, pressed for investment liberalization in South Korea, Thailand, the Philippines, and elsewhere. The European Union, the United States, and other governments launched a flurry of negotiations in pursuit of a multilateral agreement on investment (to outlaw governmental "affirmative action" in favor of domestic industries over foreign) and for regional agreements along the NAFTA model.

Attacking the Consensus

Yet, even as the steamroller plowed on, the consensus never gained widespread legitimacy in the developing world outside of a technocratic elite. As the 1980s unfolded, citizen groups in the South, often campaigning in collaboration with Northern environmental, labor, and antipoverty groups, exposed the adverse development impact of the policies of the World Bank and the IMF, the two institutions that have most zealously enforced the Washington Consensus. In Africa, Asia, Latin America, and the Caribbean, anticonsensus groups, such as the Freedom from Debt Coalition in the Philippines and the Malaysian-based Third World Network, became forceful actors on the global stage. They mounted opposition to the goals and decried the effect of consensus policies.

The consensus was focused solely on promoting economic growth. As John Williamson later admitted, "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."[3] Likewise, noted Williamson, the consensus "had little to say about social issues...and almost nothing to say about the environment."[4] But in those countries where consensus policies were actually applied, it turned out that the social impact of these policies could not be separated from the economic. From the Philippines to Mexico to Ghana came evidence that the free-market policies of the consensus were having negative effects on workers, the environment, and equity.

Inequality. As shown by numerous studies carried out by the United Nations and other organizations, growing inequality has accompanied economic liberalization in the majority of countries. To dramatize the stark reality of this, critics charted the growing divide between the world's richest and the world's poorest. By 1999, the combined wealth of the world's 475 billionaires exceeded the income of the poorest half of the world's people.[5]

The Environment. Twenty years ago, many developing countries, from Chile and Brazil to the Philippines and Indonesia, were still endowed with abundant natural resources—lush tropical forests, rich fishing banks and mineral deposits, and fertile land. In these and other countries, the increased emphasis on export-led growth has led to long-term environmental costs that were not factored into the Washington Consensus's measurements of economic success. In country after country, export-led growth depended on the plunder of these resources. Forests were cleared, for example, as Costa Rica, encouraged by the World Bank, expanded cattle production for meat exports, and as Indonesia expanded palm oil production. And, with the widespread destruction of natural-resource systems, the very survival of the poorest populations of these countries, those who live off the natural resources, was threatened.

Workers. Countries were encouraged to offer tax and other incentives to woo foreign investment. As a result, factories exporting apparel, electronics, toys, and other consumer goods sprang up in southern China, Vietnam, Guatemala, Malaysia, and dozens of other countries. Indeed, on average, close to one factory a day has opened along the 2,000-mile U.S.-Mexico border since the advent of NAFTA in 1994. Yet, even as countries compete with each other for foreign investment, in what critics have dubbed a "race to the bottom," workers in most of the Third World's new global factories are underpaid, overworked, and denied fundamental rights, including the right to organize and strike, and the right to a safe working environment.

Citizen outcry against the free-trade policies of the Washington Consensus was not limited to the South. Environmentalists in the North began launching campaigns against the damaging environmental impact of the World Bank policies in the early 1980s. Labor unions in developed countries jumped on the anti–free trade bandwagon as companies used the threat of moving production to China or Mexico to bargain down wages and benefits.

As free-trade policies implemented in the South rebounded with adverse effects on factory workers, small farmers, and small businesses in the North, public opinion polls in the United States began to show that a majority of Americans were skeptical of the merits of free trade. By the end of 1998, the U.S. public was not simply opposed to expansion of the free trade agenda: according to a December 1998 *Wall Street Journal*/NBC News survey, 58 percent of Americans polled said that "foreign trade has been bad for the U.S. economy."[6]

This widespread popular opposition was fed by unions, small farmers, environmentalists, and citizen leaders such as Jesse Jackson and Ralph Nader, who echoed their Southern counterparts' critique that free trade undermined workers, the environment, farmers, communities, sovereignty, and equity.

The broad public opposition in the North gained backing in diverse elite circles during the battles over free trade in the 1990s. In the United States, many Democratic members of Congress began to call for "fair trade"—a critique that in many ways mirrored the cry in nongovernmental organizations (NGOs) in the South. On the other side of the aisle, roughly 60 to 70 Republican members of Congress have consistently opposed free-trade agreements. While the Republican and the "fair trade" camps opposed to free trade diverge dramatically on an alternative vision, the two camps have, on key occasions, joined forces to slow the advance of the Washington Consensus.

Indeed, by the late 1990s, anti–free trade forces were strong enough to stall new free trade and investment initiatives from the U.S. government (legislation granting "fast track" trade authority to the president went down in defeat) and on a global level (negotiations over a multilateral agreement on investment were derailed in 1998). But the combined strength of these outside critics only slowed the momentum of the Washington Consensus; it was the 1997 Asian financial crisis that shook its very foundations.

In order to understand the actual cracks that have appeared within the consensus, it is necessary to understand the roots of the financial crisis.

Hot Money

Over this past decade, the World Bank, the IMF, and the U.S. Treasury expanded their initial focus from the free trade and long-term investment stand of the consensus to the financial planks, pressing governments around the globe to open their stock markets and financial markets to short-term investments from the West. The resulting quick injections of capital from mutual funds, pension funds, and other sources propelled short-term growth in the 1990s, but also encouraged bad lending and bad investing.

Between 1990 and 1996, the amount of private financial flows entering poorer nations skyrocketed from $44 billion to $244 billion. Roughly half of this was long-term direct investment, but most of the rest—as recipient countries were soon to discover—was footloose, moving from country to country at the tap of a computer keyboard.

In mid-1997, as the reality of this short-sighted lending and investing began to surface, first in Thailand, then in South Korea, and then in several other countries, Western investors and speculators panicked. Their "hot money" fled much faster than it had arrived—leaving local economies without the capital they had come to depend on. Currency speculators like George Soros exacerbated the crisis by betting against the local currencies of the crisis nations, sending local currency values to new lows.

IMF advice seemed only to quicken the exodus of capital. Currencies and stock markets from South Korea to Brazil nosedived; and as these nations slashed purchases of everything from oil to wheat, prices of these products likewise plummeted. The financial crisis stalled production and trade in such large economies as Indonesia, Russia, South Korea, and Brazil, leaving in its wake widespread pain, dislocation, and environmental ruin. Exact figures are hard to come by, but the main international trade union federation estimates that, by the end of 1999, some 27 million workers in the five worst hit Asian countries—Indonesia, South Korea, Thailand, Malaysia, and the Philippines—will have lost their jobs.[7]

As economies collapsed, elite support for the Washington Consensus began to crumble. In the pages of the *Wall Street Journal*, former secretary of defense Robert McNamara likened the crisis to the Vietnam War, implying that then treasury secretary Robert Rubin, his deputy (and successor) Lawrence Summers, IMF managing director Michel Camdessus, and the other top managers had lost control.

Elite Dissent

Two sets of elite actors began launching critiques at Rubin, Summers, and Camdessus—not quietly, but in a very public and vocal fashion, using the op-ed pages of the *New York Times*, the *Wall Street Journal*, and the *Washington Post* to make their cases. One group, led by such highly regarded free-trade economists as Jagdish Bhagwati of Columbia University, Paul Krugman of MIT, and World Bank chief economist Joseph Stiglitz, supports free markets for trade but not for short-term capital. (The group also includes such well-known Washington figures as Henry Kissinger.) Bhagwati argued that capital markets are by their nature unstable and require controls. Krugman outlined the case for exchange controls as a response to crisis.

However, as dramatically interventionist as some of their proposals are and as heated as the debate may sound, these critics largely seek to repair the cracks in the consensus—by allowing national exchange and/or capital controls under certain circumstances—not to tear down the entire edifice.

Some within this first set of consensus reformers have focused more on the folly of IMF policies during the crisis. Some prominent economists, such as Harvard's Jeffrey Sachs, himself once a proponent of "shock therapy" in Russia, faulted the IMF for prescribing recessionary policies that transformed a liquidity crisis into a full-fledged financial panic and subsequently into a collapse of the real economy in an expanding list of countries. "Instead of dousing the fire," Sachs wrote last year, "the IMF in effect screamed fire in the theater."[8] While still subscribing to the goal of free trade, Sachs and others argue that the IMF needs to revise its standard formula for economic reform, make its decisionmaking more transparent, and become more publicly accountable for the impact of its policies.

A second set of consensus dissidents goes further in criticizing the IMF, arguing for its abolition. The critique of this group is rooted in an extreme defense of free markets, and its members fault the IMF for interfering in the markets. They charge that IMF monies disbursed to debtor governments end up being used to bail out investors, thus eliminating the discipline of risk (or "moral hazard") in private markets. This group is led by such long-time free trade supporters as the Heritage Foundation and the Cato Institute (whose opposition to publicly funded aid institutions is nothing new), but its ranks have recently swelled with such well-known, vocal converts as former Citicorp CEO Walter Wriston, former secretary of state George Shultz, and former secretary of the treasury William E. Simon.

These two camps of elite dissent within the consensus in the United States have their counterparts in other rich nations and among some developing country governments. West European economies, while not in the dire straits of Japan and much of the rest of the world, continue to be plagued by high unemployment, and their new joint currency, the euro, has gotten off to a shaky start. The European Union has also been involved in widely publicized trade disputes with the United States, several involving the European public's growing skepticism over genetically engineered foods.

As a result, a number of politicians in new center-left governments in Europe have raised their voices to question parts of the consensus. Even Clinton's closest ally, British prime minister Tony Blair, has a reform plan that includes a new intergovernmental global financial authority to help prevent future financial crises. Most West European governments support at least limited capital controls. And some members of the Canadian parliament are supporting an international tax on foreign currency transactions to discourage speculative transactions.

Japan is also looking for openings to rewrite parts of the consensus. The Japanese government has been both weakened and disillusioned by a decade of recession. Over the past two years, it has waged high-profile fights with the United States over Japan's proposal to create an Asian economic fund to help countries in crisis (Japan lost), and over whether a Thai candidate backed by Japan and much of Asia, or a New Zealander backed by most of the West, should lead the World Trade Organization (a compromise was worked out).

In the developing world, there have also been a number of recent instances where elite actors have departed from specific aspects of consensus policies. In Hong Kong, long heralded by consensus adherents as a supreme example of free-market trade and finance policies, the government reacted to the crisis spreading through Asia by intervening in the stock market and acting to prevent currency speculation. Malaysia grabbed the world's attention in 1998 by imposing a series of capital and exchange controls that were successful in stemming short-term speculative flows. Several developing country governments have moved beyond their discontent over certain IMF prescriptions to openly question whether the World Trade Organization should heed American and European calls for new trade talks to further liberalize foreign investment rules and agricultural protections among member states.

The combination of these criticisms and actions has begun to influence even the IMF and the World Bank. In Indonesia, where the crisis has been particularly brutal, the IMF implicitly acknowledged that there were occasions when the costs of consensus policies were likely to be unacceptably high. Initially the IMF hung tough—until riots greeted the removal of price subsidies on fuel and precipitated a chain of events that actually led to the fall of the long-reigning Indonesian dictator Suharto.[9] In its dealings with the post-Suharto government, the fund responded to the pleas of the Jakarta government for increased social spending and the maintenance of subsidized prices for fuel, food, and other necessities.

The World Bank's president, James Wolfensohn, has taken small steps to distance himself and his institution from the more orthodox policies of the IMF. In 1997, he agreed to carry out a multicountry review of the bank's structural adjustment policies with several hundred NGOs led by the Development Group for Alternative Policies. And more recently, Wolfensohn's speeches and the bank's publications have included what amounts to blistering attacks on the social and environmental costs of consensus policies.

In the final analysis, however, these elite dissenters share a strategic goal: to salvage the overall message of the Washington Consensus while modifying the pillar of free capital flows. Indeed, the heat of the debate between these elite critics and consensus adherents Michel Camdessus of the IMF and Secretary of the Treasury Summers over capital mobility has made it easy for observers to overlook a key reality: the consensus still largely holds with respect to trade policy.

Cracks in the Consensus

Even though it is not the goal of the elite dissenters to kill the consensus, the appearance of any dissent at all is significant. Dissent from within ranks had been unheard of in the last two decades. Now, in their tinkering with the ten commandments of the consensus, and in their desire to capture the limelight, elite critics are not only undermining the legitimacy and credibility of the consensus but are also unwittingly opening the door to broader mass-based anti–free trade criticism. These elite critiques have opened cracks in the consensus in three keys areas, cracks that could become deadly fissures at the hands of outside critics.

First, there is the question of in whose interests consensus policies are sculpted. The language some use in their elite critiques raises questions about the narrow interests that the consensus serves. Free-trade champion Jagdish Bhagwati, writing in *Foreign Affairs*, has decried free capital mobility across borders as the work of the "Wall Street-Treasury complex" (a term that builds on President Eisenhower's warnings of a "military-industrial complex").[10] Bhagwati points fingers at individuals who have moved between Wall Street financial firms and the highest echelons of the U.S. government and who, in Bhagwati's words, are "unable to look much beyond the interest of Wall Street, which it equates with the good of the world."[11] This should create ammunition for the outsider critique: if the U.S. Treasury (and international financial institutions) are not able to look beyond such narrow "special interests" in terms of capital, why should they be trusted to do so with broader economic policies?

Second, what goals should economic policies serve and who should determine these goals? One of the elite critics, the World Bank's Joseph Stiglitz, has recently begun to call for a "post-Washington Consensus" that moves beyond the narrow goal of economic growth to the more expansive goal of sustainable, equitable, and democratic development.[12] In speeches that have surprised many observers, Stiglitz argues that the debate over national economic policies and the debate over the new global economy must be democratized. For example, workers must be invited to sit at the table when their country's economic policies are being discussed in order to be able to argue against policies that hurt them. Outside critics need to push for Stiglitz's words to be turned into action. Why not invite workers —and environmentalists and farmers and others—who represent the broader national interests to participate?

Third, the elite dissenters are reigniting the Keynesian belief that the state has a legitimate role in development. Indeed, whatever comes of the global financial crisis, the widespread fear of an unregulated global casino that can devastate individual economies overnight is negating the consensus rejection of an activist state role. While most elite critics allow for a government role only in the realm of short-term financial flows, outside critics should exploit this crack to open up a larger debate about government intervention. With the acknowledgment that government is needed to check the markets on one front, there can be more intelligent debate over the role of government in other areas. The development debate, so lively in the 1960s and 1970s and so stifled in the 1980s and 1990s, can be revived.

High Priests Respond

In the face of the spreading dissent and criticism, the U.S. Treasury Department is attempting to hold the line. Triumphant, with its booming stock market, its low unemployment and inflation, and its victory in Kosovo, the U.S. government is trying to reassert a Wall Street-centered approach that differs from the old one only in minor details. Mild U.S. Treasury proposals to increase statistical disclosure by financial institutions and improve surveillance of national economic policies by the IMF won the day at the June 1999 meeting of the Group of Eight in Cologne, Germany. Secretary of the Treasury Lawrence Summers and his minions will attempt to consolidate their agenda and glue the cracks together at the late September IMF and World Bank meetings in Washington.

Whether Summers wins the day with this status quo approach depends at least partially on a number of factors that are quite beyond his and both his inside and outside critics' control. First, will the U.S. economy continue to hum along in aggregate terms and will the U.S. stock market continue to soar? Any significant downturn in either will strengthen both the dissenters and the outside critics of the consensus. Second, can the beleaguered economies of Russia, Indonesia, Brazil, and other countries get back on their feet under the current set of rules? Summers and the IMF point to rebounding stock markets and currencies in several of these crisis countries, yet in country after country the employment and ecological crises remain acute. The future of a global economy in which inequality is growing, and only the United States and the world's wealthy are beneficiaries, is inherently unstable, both economically and politically.

Among most leading consensus pundits outside of the ranks of the IMF and the U.S. Treasury Department there is a new—admittedly begrudging—acknowledgement that the consensus has lost much of its legitimacy in the view of the public and that there is a need to factor more social and environmental concerns into economic policies. In this climate of elite discord, there is greater space for the citizen groups on the outside to press for more far-reaching and desperately needed reforms in global economic institutions.

At key moments in the recent past, unions, environmentalists, and other citizen groups have grown strong enough to stall the implementation of consensus policies, as we have seen in the fights over fast track authority and the multilateral agreement on investment. The challenge now for these outsiders is to exploit the internal discord among consensus supporters, to establish links with dissident voices within governments, and to fire up the debate over development goals and the role of government. The Philippine social scientist Walden Bello sums up the clamor of citizens for change around the world with this sentence: "It's the development model, stupid."

A New Development Debate

New development proposals from citizen groups are based on both expansive goals and trade and finance policies that would shift the beneficiaries of these policies from a narrow group of corporations and wealthy individuals to a much broader swath of the public.

On the trade front, the upcoming ministerial meeting of the WTO, to be hosted by President Clinton in Seattle this December, will provide a dramatic backdrop to a major confrontation over the future of trade rules. Joining several developing country governments in opposing an expansion of trade and investment liberalization will be tens of thousands of organized steelworkers and apparel workers, family farmers, members of Ralph Nader's Public Citizen, and environmentalists who are planning a week of educational activities and protests.

Labor unions are calling for a halt in new talks on all issues except strengthening workers' protections under WTO rules. Most other citizen groups will argue for a pruning back of the WTO's powers in favor of once again permitting individual governments to set investment and government procurement rules and for keeping food safety and environmental rules off limits to challenges by other nations.

On the finance front, the IMF and World Bank annual meetings in late September should provide a venue for bringing into focus the different agendas for a "new financial architecture" as well as the issue of debt relief for poor nations. Many of the same outside groups that led the trade fight have shifted their attention to addressing the financial crisis. Over the past year, Friends of the Earth, the International Forum on Globalization, the AFL-CIO, the Malaysia-based Third World Network, and Thailand-based Focus on the Global South have convened hundreds of experts—activists and researchers—from both North and South to sketch out an institutional framework that would reorient financial flows from speculation to long-term investment at the local and national levels.[13]

Collectively, these proposals suggest that local and national governments should be given greater authority to set exchange rate policies, regulate capital flows, and eliminate speculative activity. A priority at the international level is the creation of an international bankruptcy mechanism outside the IMF. When a country cannot repay its debts, the mechanism would oversee a debt restructuring in which there would be a public and private sharing of costs. When the next Indonesia, Russia, or Brazil teeters on the brink of a deep financial crisis, it would turn to this mechanism, not to the IMF, for help. With such a facility in place, the IMF could return to its more modest original mandate of overseeing capital controls as well as providing a venue for the open exchange of financial and economic information.

Anti-consensus groups, led by religious coalitions in many countries and rallying under the banner of Jubilee 2000, also argue that current debt reduction initiatives should be expanded substantially to cover a more significant amount of bilateral and multilateral debt, and that debt reduction should not be conditioned on a country's adherence to IMF and World Bank austerity policies.

Finally, many critics are picking up on an old proposal by Nobel Prize winner James Tobin of Yale University, who suggested a tiny global tax on foreign currency transactions. In today's flourishing global financial casino, Tobin's tax would both discourage harmful speculation and generate revenues that could help the nations in crisis.

The growing strength of citizen opposition, however, has not yet been translated into a new overall consensus based on such proposals. Much as we would like to be town criers heralding the death of the Washington Consensus, such news is premature. Too many members of the policymaking elite, particularly in the United States, still cling to the precepts of the old consensus. While another global economic downturn would no doubt lend weight to the outsider critique, the future of these opposition proposals depends in the final analysis on the political sophistication of their proponents. Can citizen movements translate growing discontent into effective political pressure both at a national level and jointly in the WTO, the IMF, and the World Bank? Can they shift the debate beyond the confines of the free market dogma of the Washington Consensus?

In the closing months of the Second World War, a small group made up primarily of men from the richer countries sketched the architecture of the postwar global economy. The institutions they created are no longer serving the needs of the majority of people on earth. In the closing months of the twentieth century, there is at last the opportunity for a larger, more representative group to create new global rules and institutions for the twenty-first century. Indeed, since the Washington Consensus swept the globe two decades ago, the possibility of reading its obituary has never been greater. ●

Notes

1. The ten areas of consensus in terms of neoliberal, free-market policies, as noted by Williamson, are: "fiscal discipline" (i.e., policies to combat fiscal deficits); "public expenditure priorities" (to cut expenditures through the removal of subsidies, etc.); "tax reform"; "financial liberalization" (toward market-determined interest rates); competitive "exchange rates"; "trade liberalization" (to replace licenses with tariffs and to reduce tariffs); "foreign direct investment" (i.e., 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).

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

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

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

5. Calculated by the Institute for Policy Studies from data published in *Forbes* magazine, July 5, 1999, and in United Nations Development Programme, *Human Development Report 1999*.

6. Jackie Calmes, "Despite Buoyant Economic Times, Americans Don't Buy Free Trade," *Wall Street Journal*, December 10, 1998. Pro–free trade think tanks dismiss such poll results as coming from an ill-informed public plagued with "globaphobia." See Gary Burtless, Robert Z. Lawrence, Robert E. Litan, and Robert J. Shapiro, *Globaphobia: Confronting Fears about Open Trade* (Washington, D.C.: Brookings Institution, Progressive Policy Institute, and Twentieth Century Fund, 1988.)

7. International Confederation of Free Trade Unions, *ICFTU Online*, January 21, 1999.

8. Jeffrey Sachs, "The IMF and the Asian Flu," *American Prospect*, March-April 1998, p. 17.

9. See Michael Shari, "Up In Smoke," *Business Week*, June 1, 1998, p. 66.

10. Jagdish Bhagwati, "The Capital Myth: The Difference Between Trade in Widgets and Dollars," *Foreign Affairs*, vol. 77 (May/June 1998), p. 7.

11. Bhagwati, "Capital Myth," p. 12.

12. Joseph Stiglitz, "More Instruments and Broader Goals: Moving toward the Post-Washington Consensus," 1998 World Institute for Development Economics Research annual lecture, Helsinki, Finland, January 7, 1998.

13. See Friends of the Earth, International Forum on Globalization, and Third World Network, "Call to Action: A Citizens Agenda for Reform of the Global Economic System," Washington, D.C., December 10, 1998; and Robert Blecker, *Taming Global Finance: A Better Architecture for Growth and Equity* (Washington, D.C.: Economic Policy Institute, 1999). For papers from the March 1999 Focus on the Global South conference in Bangkok, see Walden Bello, Nicola Bullard, and Kamal Malhotra, eds., *Cooling Down Hot Money: How to Regulate Financial Markets* (London: Zed Press, forthcoming).