

## A US-CENTRIC WORLD WILL WITHER AWAY IN ANY CASE

John Williamson



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*RJ Dear Professor Williamson, in your opinion, does the return to progressive and socio-liberal practices that existed before the advent of the Washington Consensus represent a*

*new form of global crisis management? Or do you think we need an even stricter implementation of neoliberal prescriptions for the sake of the 'final abolishment of paternalism and colonialism'? Is some new form of global crisis management possible? If the answer is yes, then what principles could serve as a foundation for such a new model?*

The Washington Consensus, as I envisaged it, was actually not 'a rigid version of neo-liberalism'. Upon coining that term, I aimed to classify the existing doctrines into those doctrines that were generally accepted (by consensus) versus those that were irrational and thus, espoused only by a small number of adherents. There are many, and you also seem to be among them, who use the term to describe the latter, but I find this approach to be unhelpful. I regard **the consensus doctrines to be helpful, both with respect to dealing with crisis as well as the normal development of events (in non-crisis periods)**, although that does not prevent me hoping for, and seeking, further advances. I doubt that it is helpful to attempt to put a label on a desired form of crisis management.

**John Williamson (b. 1937)** has been a Senior Fellow at the Peterson Institute for International Economics since 1981. He was the Project Director for the UN High-Level Panel on Financing for Development (the Zedillo Report) in 2001. He was on leave as Chief Economist for South Asia at the World Bank in the late 1990s, served as an adviser to the International Monetary Fund in the early 1970s and Economic Consultant to the UK Treasury in the late 1960s. He has previously been a Professor of Economics at Pontificia Universidade Catolica do Rio de Janeiro, University of Warwick, Massachusetts Institute of Technology, University of York, and Princeton University.

Williamson gained international

acclaim in the late 1980s. In 1989, he put forth the idea of the 'Washington Consensus' as a system comprised of ten generally-accepted principles that were meant to establish a sort of standard for conducting governmental reforms in a world prone to global economic crisis.

Three organisations that are based in Washington were originally envisioned as playing a central role in espousing these principles. These were the IMF, the World Bank and the US Treasury (hence, the term the 'Washington Consensus').

Subsequently, the term came to be interpreted in a somewhat broader sense and came to be understood as the predominance of the principles of market funda-

Over time, the concept of the 'Washington Consensus' has changed dramatically. For example, many people have come to focus on some specific doctrines of my list and, moreover, they are, more often than not, of a totally different interpretation than that which was intended when I first put forward the idea about the 'Washington Consensus'. This doctrine seems to have began a life all of its own life, but everyone has continued to refer to all of this as the 'Washington Consensus'.

*RJ Should the developed industrial world focus on itself and abandon the ideas of bringing the world closer to an 'even playing field'? Should the world remain 'divided' or should it gain another chance of becoming 'even' within the framework of a new consensus? Is it possible to say that all of the originally defined obstacles to independent development of Third World countries have finally been removed and that the severe constraints placed on the provision of financial aid to Third World countries has also been removed? If so, what is the rationale?*

mentalism and, in essence, also became synonymous with the term 'neo-liberalism'. This interpretation of the 'Washington Consensus' has been criticised by many prominent economists, including George Soros and Joseph Stiglitz.

As far back as 2002, in his paper *Did the Washington Consensus Fail?*, Williamson estimated the outcome of the 1990s with regard to their influence on economic growth, the reduction in the level of poverty alleviation and the situation with employment among the population as 'disappointing, to say the least'. Nevertheless, he lays the blame for these failures not with the Consensus itself but blames the majority of countries for not implementing its basic principles scrupulously.

I certainly would not want to see the industrialised world retreating and no longer taking into account the needs of the countries of the developing world, and **I do not expect to see the current crisis becoming an unconquerable hurdle in the thrust toward globalisation.** I completely disagree with those opinions claiming that the financial conditions placed on monetary aid programs have been an obstacle to their development.

**RJ** *Moving towards a more 'even' world, should we render our existing ecological problems unresolvable — problems such as the extensive pollution of our environment as a result of economic progress, unrestrained exploration and exploitation of mineral resources, and the inevitable deficit of precious metals and other natural resources? Can we bypass them while creating strategies for planetary development?*

On the flip side of economic growth, there are certainly costs associated with environmental pollution and natural resource consumption. That is why it is important to properly factor in these external factors so that future growth will not be environmentally destructive and so the environment can undergo improvement despite the occurrence of such economic growth.

**RJ** *Does the liberal repositioning of global financial institutions encounter obstacles with respect to the indifferent approach to the political order of the 'economically lagging' states that are receiving financial aid?*

There are currently no signs of the world ceasing to be US-centric, just as there is nothing to indicate that the 'Washington Consensus' is nearing its end

I disagree with those countries that are resisting greater representation of non-Western countries in the various international financial institutions today, but I nevertheless doubt that reforms in the latter group will greatly change the conditions according to which financial assistance is provided to them. The



conditions are, in my view, largely dictated by the need to ensure their eventual repayment.

**RJ** *Can a non-Western country or civilisation emerge as a new centre where global management rules would be devised? Would the Western world accept such a development?*

We will see, if and when there is ever a viable blueprint for reform emanating from a non-Western source. I would hope so, but I do not think that is likely in the near future.

**RJ** *Does the neoliberal economic system qualify as the only possible foundation for a US-centric world? Would it be possible to speak of dismantling the US-centric world should the neoliberal economic system disappear from the post-crisis world? Is the demise of the Washington Consensus and the post-American world one and the same thing?*

The answer very much depends upon the definition of 'neoliberal' that is being used. If you mean this term in the original sense of this

difficult to see citizens of the USA ceasing to value the ideas that have guided the society in which they live and have done so since the foundation of that country. At the same time, I cannot help remarking that **there are currently no signs of the world ceasing to be US-centric, just as there is nothing to indicate that the 'Washington Consensus' is nearing its end,** at least insofar as we are speaking about the meaning of this term as I envision it.

I do think that the US-centric world will end up withering away sooner or later in any case. It is very possible that the economic crisis has somewhat accelerated this process. The financial sector as it exists today has also lost its former status and prestige at this point.

**RJ** *Does the Washington Consensus exist today, perhaps in a different form or with different content?*

I am not sure that, twenty years ago, the majority of people would have agreed that the positions I underlined indeed represented the major ideas of that time. Instead, it is more likely the case that they were an important part of the major ideas of that time. Moreover, **today I regret not having expressed my ideas regarding financial deregulation in a different way.** Instead, I should have expressed that financial deregulation demands the introduction of certain institutions that would oversee these processes. I did not do that and today I have regrets about that. ■

*John Williamson was speaking with Nikita Kurkin and Yulia Netesova*