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Reforming the Reforms of the Washington Consensus

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Latin America lived through a period of deep economic reforms during the 1990s, framed by the so-called "Washington Consensus". Dramatic changes affected the relative importance of the state, which saw its sphere of action limited amidst deregulation, massive privatisation, the reduction of public investment and expenditure, giving broader space for the working of private agents.

Reforms were conducted under pressures from international financial institutions, some governments (particularly that of the US) and economists following the recipe, in strong fashion, of a neo-liberal approach. It was the time of the supposed "end of history", with a naive interpretation that there was a *unique* road to a market economy in a globalising world that drastically limited the room for choice. Broadly speaking, Latin American countries were the more active implementers of neo-liberal reforms.

Nearly one and a half decade of intensive and profound reforms has left a mix of successes and failures, with a "disappointing" net outcome, using an expression summarising an evaluation by John Williamson (2003), the economist who coined the expression *Washington Consensus* in his well-known 1990 publication. The net balance, in terms of growth and equity, has been notoriously poor. Of course, there are clearly positive results in several areas: the eradication of hyperinflation,

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more balanced public budgets, a rise in the share of exports, less bureaucratism, and less microeconomic decisions taken centrally. Actually, Latin American countries achieved an average one-digit inflation in 1999 to 2001; public sector deficits in the quinquenium before the arrival of the contagion of the East Asian crises had improved to a figure around 1.5 percent of GDP, quite positive compared to that of developed nations; the volume of exports grew vigorously, 8 to 9 percent per year in the 1990s, close to 50 percent faster than world trade in that decade.

However, performance has been poorest in precisely the most significant area, which is economic growth and equity. Table 1 shows that annual gross domestic product (GDP) rose by only 2.4 percent during the fourteen years between 1990 and 2003, and 1.3 percent in the past six years, which ECLAC has called the "over one-half decade lost". Since population rose 1.6 percent per year, per capita growth has been negative. Additionally, active population (the labour force comprising all workers and entrepreneurs) increased 2.6 percent annually since 1990; consequently, the mediocre growth implies a declining output per worker in the long period 1990 to 2003. This contributes to explaining the poor performance of wages: they stagnated since 1990 (see Table 2). But, wages refer only to the formal segment of labour markets. Actually, labour markets expelled workers from the formal to the informal segments, with more instability of jobs and falling average income of non-waged workers (ECLAC, 2003, based on ILO data for Latin American countries).

In terms of poverty, after the sharp rise recorded in the 1980s (see Table 2), an additional worsening took place during the neo-liberal reforms; now there are 21 million more poor people than there were in 1990, and income distribution remains highly regressive (World Bank, 2003). This is partly associated with the slackness of labour markets, higher open unemployment, the low physical investment ratio (that is, productive investment or gross capital formation), and the underrated role granted to reducing the equity gaps in education, labour training and access to capital markets. The distribution of opportunities and of productivity has become even more skewed than before reforms.[2]

[2] This was clearly the case of Chile during the 1970s and 1980s, when most neo-liberal reforms were implemented. Some correction, *with reforms to the reforms*, took place with the return to democratic rule in the 1990s (Ffrench-Davis, 2002, Chapter 9).

Table 1 Latin America: Gross Domestic Product, 1971-2003
(percentages of annual growth rates[a])

	1971–1980	1981–1989	1990	1991–1994	1995	1996–1997	1998–2003[b]	1990–2003[b]
Argentina	2.8	-0.7	-2.0	8.0	-2.9	6.7	-1.4	2.2
Brazil	8.6	2.3	-4.6	2.8	4.2	2.8	1.3	1.7
Chile	2.5	3.0	3.3	7.5	9.0	6.8	2.7	5.1
Colombia	5.4	3.7	4.1	4.2	4.9	2.6	1.0	2.6
Mexico	6.7	1.5	5.1	3.5	-6.1	6.1	2.8	3.0
Peru	3.9	-0.7	-5.4	4.9	8.6	4.7	2.0	3.1
Uruguay	3.0	0.0	0.5	5.7	-2.4	5.3	-2.5	1.1
Latin America[c]								
Total	5.6	1.3	-0.5	4.1	1.0	4.5	1.3	2.4
Per capita	3.1	-0.8	-2.4	2.2	-0.7	2.8	-0.3	0.7
Per worker	1.8	-1.6	-3.3	1.3	-1.6	1.9	-1.2	-0.2

Notes:
[a] Expressed in dollars at 1980 prices for 1971-80, at 1990 prices for 1980-89, and at 1995 prices for 1989-2003.
[b] Preliminary data for 2003.
[c] 19 Latin American countries.
Source: ECLAC.

Table 2 Latin America: Selected Social Indicators, 1980-2002

	Poverty[a]		Real wages[b]	Urban unemploy-ment[a] (percentage of labour force)
	Population (percentage)	Population (million)	(average annual change)	
1980	38.7	135.9		
1990	48.3	200.2		5.8
1994	45.7	203.2	0.7 (1990-94)	6.3
1998	43.5[c]	203.8[c]	0.6 (1995-98)	8.0
2002	44.0	221.4	-0.4 (1999-02)	8.9

Notes:
[a] 19 Latin American countries.
[b] Rates of change of 14 countries (94 percent of Latin American labour force), weighted by labour force.
[c] 1997.
Source: Author's calculations and official ECLAC data.

Such a "disappointing" outcome can be associated with many analytical and empirical flaws. These take several interrelated issues into account, associated to the nature of the specific economic model being implemented: One, just one, of the many alternative models of market economies.

Here we will refer to: (i) the analytical model; (ii) productive investment and missing factors; (iii) real macroeconomic balances (that is, a macroeconomics for growth) and imbalances of voices; (iv) upgrading of fast rising exports (non-traditional exports intensive in "value-added"); and (v) conclusions, including policy proposals for improving performance. Naturally, the international economic architecture, with its pro-cyclicality and biases toward richer countries has been part of the problem (Ocampo, 2001; Stiglitz, 2002), but here we will mainly focus on domestic policies.

1 Theoretical Outlierness

Latin American countries have chosen a wide variety of paths in designing their structural reforms and economic policies. However, there are some distinctive features that reflect common external influences or common domestic approaches, which imply significant shortcomings of the first generation of reforms across Latin America. The prevailing style has involved the repetition of costly mistakes, particularly in macroeconomic management, the design of financial and trade reforms and in the weakness of efforts to complete markets.

In fact, neo-liberal reforms were, generally, conducted under the belief that there is a *unique* good policy recipe: liberalising markets across-the-board, and until the extreme (more of the same is always good). There was no significant consideration of the fact that the selection of policies should depend on: (i) the objectives of society; (ii) the degree of development of markets; (iii) the degree of homogeneity of domestic markets; and (iv) the nature of international institutions and markets.

The approach in fashion assumes that market signals flow transparently and fluidly among markets and among generations. In doing so, structural imbalances are assumed away, except those generated by state intervention; it is also assumed that, under free markets, intertemporal adjustments are efficiently stabilising. These assumptions lead to an underestimation of the negative effects on capital formation, the utilisation rate of potential GDP, and the distribution of productivity and opportunities among people. These are some of the outstanding problems that neo-liberal reforms and adjustment processes tend to generate in the face of external shocks and of anti-inflationary programmes. The outcome is associated to the specific features of the set of structural reforms that have been implemented.

The approach in fashion, which is built on microeconomic theory and *optimisation*, paradoxically, jumps to policy recommendations based on the *maximisation* of liberalisation. It disregards intermediate positions between the extremes of indiscriminate liberalisation and arbitrary interventionism. It also underrates the deep implications of the absence of complementary reforms; two most evident cases, with respect to financial reforms, are the absence of effective prudential regulations of financial institutions and public services, parallel to their liberalisation or privatisation, and the absence of institutions or incompleteness of a long-term segment of domestic capital markets. In the end, reforms became the target rather than a means, with a lack of accountability with respect to the true goal, that is, growth with equity.

There is no doubt that Latin America needed tough reforms, but it also needed a pragmatic approach. Most economies were over-intervened, with a restricted private sector, and rules were not transparent. The spirit of the Washington Consensus sought reforms that would generate "right" prices and would be "market friendly", two principles we fully share. However, the reforms failed dramatically in achieving both targets. Actually, reforms are means and intermediate targets that led to missed growth and equity by failing.

Results, actually, are contradictory in those two features. For example, key macroeconomic prices – the exchange rate and the interest rate – have tended to assume "wrong" values (one US dollar per one Argentine peso is one of many examples), suffering from enormous real instability after the reforms of the 1990s. Aggregate demand, another important variable, has also fluctuated wildly, led by the volatility of short-term capital flows. All of this is not properly market friendly, placing the productive sector under enormous tension.

What are the main analytical flaws? They are related to the actual working of markets and to the response capacity of different economic agents.

Several dimensions of structural heterogeneity play a crucial role: among others, heterogeneity in the openness and stability of various external markets; heterogeneity between stages (expansive and contractionary) of the business cycle; variety in the elasticity of response to incentives among domestic regions and among market segments (big and small businesses, rural and urban enterprises, infant and mature firms, consumers and producers, productive and speculative investors);

and the effects of the adjustment path on the feasibility of attaining different combinations of objectives (hysteresis), which implies that there is no single equilibrium but rather multiple ones. In short, the adequate management of a series of variables is quite relevant: the degree of resource mobility and price flexibility, the eventually destabilising dynamics of "automatic" or neutral macroeconomic adjustment policies, depending on the response capacity of diverse sectors and markets, the perceptions or expectations of economic agents, and the sequencing and gradualism of changes.

Hence, the recommendation of public policies contributing to improve the working of markets, enhancing the role of longer-term horizons and productive factors arises. The target is an endogenous development process guided from within (Sunkel, 1993). A crucial space corresponds to two lines of action. On the one hand, regulating actively capital flows, exchange rates, monetary and fiscal policies. On the other, the application of a productive development policy, including systematically developing and completing factor markets, which guides the allocation of resources towards investment in physical and human capital, deliberately improving the distribution of productivity and opportunities across society, and promoting the acquisition of comparative advantages. This is the constructive option, in contrast to inward-looking development in the more naïve import-substitution industrialisation (ISI) approaches, or outward-looking ones in the approaches based on the integration into world markets via abrupt and indiscriminate import liberalisation and capital account opening, and the fading-out of the sense of nation.

Our approach requires a dynamic and modern private sector, together with active linkages with the global markets and an efficient state. Given the framework of structural heterogeneity, achieving an efficient state – central and local governments, regulatory agencies, and public enterprises – is not easy. Furthermore, it is also necessary to be selective in the sense of dealing only with that quantity and quality of actions that the state is capable of designing and implementing with social efficiency, and focusing efforts where they will have the greatest impact. These principles help to minimise "state failures".

Factor heterogeneity or markets segmentation is one of the most typical features of developing countries. This naturally affects the transparency and flow of information. Factor markets are usually incomplete or underdeveloped. Reforms and policies should strive to actively contribute to complete and integrate markets rather than increase segmentation, as it has often tended to occur with naive liberalisation.

Pragmatic gradualism, explicit efforts to achieve more complete markets, macroeconomic-cum-macrosocial balances, should all be geared to strengthening integration of typically segmented markets. Mezzo-policies, such as labour training, dissemination of technical knowledge, and space for small and medium-firms are at the core of spreading productivity through society. This is the most sustainable road to endogenous dynamic growth with equity.

2 Real Macroeconomic Imbalances and a Macro-For-Growth

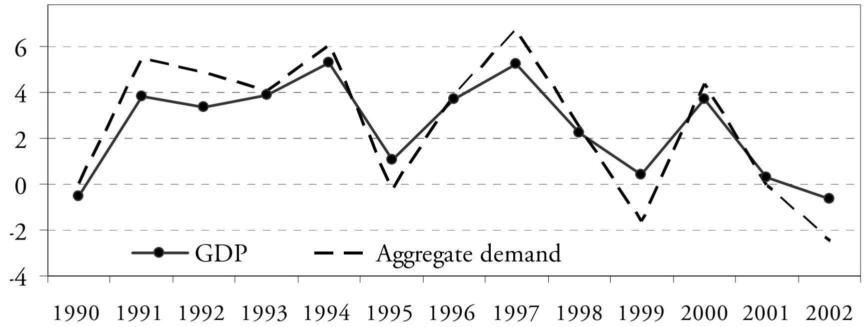
There is a broad consensus that macroeconomic "fundamentals" are a most relevant variable. However, there is wide misunderstanding about what constitutes "sound fundamentals", and how to achieve and sustain them. The fashionable approach emphasises the macroeconomic balances of two pillars: low inflation and fiscal balances, together with full opening of the capital account. We call it financial macroeconomic balances. This approach assumes either that financial macroeconomic balances are enough for achieving productive development in a liberalised economy, or that it becomes enough with the addition of microeconomic reforms.

As shown, Latin American countries were successful in the 1990s in reducing inflation to one-digit figures, and balancing their fiscal budgets (fiscal deficits averaged less than 0.5 percent of GDP in 1995-97). In fact, Latin American countries fulfilled the neo-liberal requirements of macroeconomic balances. However, economic activity was notably unstable; in the period covered, overall changes in GDP were led by ups and downs in aggregate demand, and these responded to shifts in net capital flows. In the 1990s, East Asia continued to fulfil the two conventional pillars – low inflation and fiscal surpluses – but lost the third pillar, of sustainable macrobalances for the real economy. Therefore, most emerging economies were implementing financial or two-pillar macroeconomics at the outset of the Asian crises, with the euphoric support of specialists in microfinance. A financierist approach had become binding.

Latin American firms and workers have been subject to great instability in domestic demand, exchange rates, and interest rates. It has become a roller coaster ride, discouraging productive investment, employment and equity. Figure 1 dramatically depicts this perverse fact.

Actual experiences of frequent macroeconomic crises, now not only in Latin American countries but also in East Asia, reflect that the wide-

Figure 1 Latin America: GDP and Aggregate Demand, 1990-2002
(annual growth rates, percentages)



Source: ECLAC data, includes 19 countries.

spread recognition of the importance of macroeconomic equilibrium is not matched by a better understanding of how to achieve it or capability to implement it.

In general, the neo-liberal approach assumes, sometimes explicitly and frequently implicitly, that full opening of the capital account would contribute to balance the external sector and automatically generate an aggregate demand consistent with productive capacity: a frequent assertion in the conventional literature is that an open capital account imposes macroeconomic balances to emerging economies. It is well documented that this is not the usual experience in the frequent cases of external, positive and negative, financial shocks experienced by emerging economies (Ffrench-Davis and Ocampo, 2001).

It can be true that full opening of the capital account deters domestic macroeconomic mismanagement and encourages good macroeconomic "fundamentals" in cases of *domestic* sources of instability, i.e. large irresponsible fiscal deficits, permissive monetary policy and arbitrary exchange rate overvaluation. However, lax demand policies or exchange rate overvaluation tends to be encouraged by financial inflows during booms, whereas excessive punishment during crises may actually force authorities to adopt overly contractionary policies (Frenkel, 2003; Stiglitz, 2002). Contrary to what is usually argued, this is not associated solely with inappropriate information. Indeed, even well informed market actors, such as credit rating agencies or investment banks, usually operate in a pro-cyclical fashion because of the nature of their rewards and time horizon intrinsic of their job description.

The opening of the capital account may lead emerging economies to import external financial instability, with capital inflows leading to a worsening of macroeconomic fundamentals. The market may induce deviations of macroeconomic variables from sustainable levels: it is the market itself, which, during financial booms, generates incentives for emerging economies to enter the *vulnerability zones* of appreciated outlier real exchange rates, high external deficits, stock market and real estate bubbles, large stock of short-term and liquid external liabilities.

Financial operators, perhaps without wishing to do so, have come to play a role that has significant macroeconomic implications. With their herd-prone expectations, they have contributed to intensifying the financial flows towards "successful" countries during capital surges, thus facilitating rapid increases in prices of financial assets and real estate, and sharp exchange rate appreciation in the recipient markets. Apart from the poor quality of prudential regulation and supervision in these markets, these macroeconomic signals contribute to prolonging a process that appears, wrongly, to be efficient and sustainable (in the short run, with good profits and loan guarantees, supported by high stock prices and low value in domestic currency of debt denominated in dollars). However, in reality bubbles are being generated with outlier macroprices, which sooner or later, will tend to bust. Moreover, the typical situation, during the boom period, has been that the cost of external financing has gradually fallen (and risk rating grades improved), which implies that the market actually operates with a sort of a downward sloping mid-run supply of funds.

"Financierism" tends to lead, unsurprisingly, to unsustainable macroeconomic imbalances, with an effective demand that deviates sharply from the production frontier and with "wrong" or outlier macroprices and ratios. In Figure 1, we observe a notorious instability of GDP growth for the total of Latin America; obviously, that of individual countries tends to be even more unstable. The data shows that changes in GDP have been led by up-and-downs in aggregate demand. Given that fiscal balances have characterised East Asia, and that Latin American countries reduced their deficits along the 1990s, during the capital surges, it is evident that increases in aggregate demand were intensive in private expenditure, an outcome strongly associated to the evolution of net capital inflows (Marfán, 2004). Actually, capital tended to flow from private sources to private users.

There is a growing duality, worrisome for democracy, in the constituencies taken into account by authorities in emerging economies. An outcome of the specific road taken by globalisation has been that experts in financial intermediation – a microeconomic training – have become determinant for the evolution of the domestic macroeconomic balances and their volatility. The integration of capital markets has remarkable implications on governance, room for domestic policies, and on the constituencies to which national governments respond. On the one hand, political authorities are elected by their countries' voters, and promise to implement a platform designed before their election, but on the other hand they also seek, after being democratically elected, the support of those who "vote" for their financial investments (not necessarily productive investments or may be at their expense). Recent cycles in financial markets have revealed a significant contradiction between the two, in a negative-sum game.

It is "irrational", and evidently inefficient from the perspective of resource allocation and total factor productivity, that the decisions of authorities, which should obviously be taken with a long-term horizon, seeking sustainable growth with equity, become entrapped with the lobbying and policy recipes of microfinance experts, which leads to "irrational exuberance". Economic authorities should make macro-fundamentals prevail (sustainable external deficit; moderate stock of external liabilities, with a low liquid share; reasonable matching of terms and currencies; crowding-in of domestic savings; limited real exchange rate appreciation; effective demand consistent with the production frontier), in order to achieve macroeconomic balances that are both sustainable and functional for long-term growth.

In brief, there appears to be widespread misunderstanding about what is an adequate definition of "sound fundamentals". The inappropriate conventional definition, together with "irrational exuberance", is what led to high positive grades for Chile just before the crisis of 1982, for Korea and Thailand in 1996, and for Mexico and Argentina in 1994, and for all emerging economies in Latin America in 1996-97. Something "fundamental" was thus missing in markets evaluation of "market fundamentals"! Obviously, the sharp crises of those emerging economies were not pure cronyism or moral hazard or pure contagion. It was the result of a worsening of some crucial components of a comprehensive set of fundamentals; a worsening led by massive capital inflows.

An appropriate definition of fundamentals should thus include – alongside low inflation, balanced fiscal accounts and dynamic exports – sustainable external deficits and net debt, low net liquid and short-term liabilities, non-outlier real exchange rates and strong prudential regulation, supervision and transparency of the financial system.

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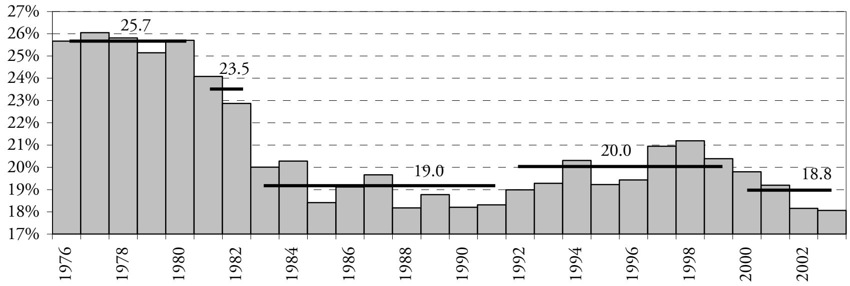
Figure 2 Latin America: Gross Fixed Investment, 1976-2003
(percentages of GDP)



Source: Based on ECLAC data for 19 countries, scaled to 1995 prices.

3 Insufficient Productive Investment and Missing Factors

One of the areas where the reforms have performed more poorly is that of investment in generating productive capacity. Productive investment or gross capital formation includes equipment and machinery, infrastructure, commercial and residential building. In the 1990s, Latin America invested five points of GDP less, on average, than it did in capital formation in the 1970s, and just one percentage point more than in the 1980s of the "lost decade" (see Figure 2). In the 2000s, productive investment has fallen further.

Real macroeconomic instability in emerging economies is one strong force behind the poor achievement of investment ratios in the 1990s. A significant, well-documented, variable underlining the drop in productive investment is the output gap between actual and potential GDP (Agosin, 1998). The gap reflects the underutilised installed capacity in firms and other components of the stock of physical capital, unemployment of labour, and reduced actual total factor productivity (Ffrench-Davis, 2000, Chapter 6). Profits tend to decrease while the mood of lenders becomes sombre. A notorious effect of these recessive situations, usually, has been a sharp reduction in investment ratios; for instance, a drop of fixed capital formation in 1995, of 13 percent in Argentina and 30 percent in Mexico; in 1999 it fell 18 percent in Chile, and between 1998 and 2002, 56 percent in Argentina, and 11 percent in all Latin America.

That source of discouragement for domestic private investment has been reinforced by a change in the relative composition of FDI, from greenfield investment to acquisitions, stimulated by depressed prices of domestic assets and depreciated currencies. As documented by Easterly and Servén (2003), most Latin American countries also "witnessed a retrenchment of the public sector from infrastructure provision and an opening up to private participation".

The other relevant explanatory variable is the scarcity of the ingredients required by a productive investor. There is a need for long-term financing, access to technology and capacity to absorb it, availability of well-trained labour, and infrastructure complementary to productive investment. It is what we call *completing* factors markets, since incomplete, underdeveloped or inexistent markets cannot work well: they are missing factors in the aggregate production function. This is a feature intrinsic of underdevelopment and lack of enhanced systemic productive capacity.

4 Export Upgrading and Productive Linkages

A fixed ingredient of development strategies is export promotion. The modal policy tool has been, interestingly, import liberalisation; that is, an indirect incentive. The contrast with the direct export incentives in the East Asian approach is sharp (see Ffrench-Davis, 2000, Chapter 3; Rodrik, 2001b).

The indirect road, to some degree, did work, since protectionism of ISI was limiting the expansion of exports dependent from imported inputs. In all, exports of Latin American countries were dynamic in the 1980s and 1990s, growing much faster than world trade. However, GDP growth has been low and external sector imbalances frequent.[3] The explanation is in the heart of the neo-liberal approach. How can we enhance the linkages of exports with the rest of the economy?

Exports have grown vigorously, but with a low value-added over the natural resources content. Additionally, destination has been mostly to non-dynamic and fluctuating markets (Ocampo and Parra, 2003). This is the result of not being concerned about the level and stability of the exchange rate and the disregard of the need for completing markets of the set of factors behind productive development or systemic competitively.

[3] Most trade reforms in the 1990s were performed with exchange rate appreciation. Several trade reforms were implemented in periods of capital surges to developing economies.

Exports have had unstable prices (we know with certainty) and (presumably) they have weak linkages with the rest of the economy (non X-GDP). There is a role for (i) the level and stability of the real exchange rate, (ii) a sustainable macroeconomic policy for growth, and (iii) for factor market completion in enhancing productive linkages. We know that real exchange rate instability deters non-traditional exports, and, hence, diversification. A fully free exchange rate will tend to be very unstable in a world of terms of trade instability and volatile capital flows: derivatives, though very useful for tackling short-term risks, are not of much help in face of processes of capital surges.

There are lessons from the East Asian success in export dynamism-cum-growth of non X-GDP. Current rules of the WTO pose serious obstacles to replicating their success: for instance, Chile has had to eliminate a market-based, transparent, efficient incentive to non-traditional exports because of the new rules governing international trade. The reforms introduced by the Uruguay Round should be reformed in order to provide room for export policies that are effective in diversifying trade toward quality and deeper linkages with the domestic economy (Rodrik, 2001b).

Another relevant factor has been, again, real macroeconomic instability. Recoveries of economic activity have been associated to capital inflows and exchange rate appreciation. This, evidently, discourages increases in the share of domestic value-added in exports.

There is a role for regional trade agreements in increasing the quality of exports. The composition of intra-regional trade is notably different from that of the rest of exports of Latin American countries. A lot of research from ECLAC and IDB suggests that regional trade agreements are performed in an environment of *open regionalism*. As a matter of fact, intra-regional exports grew in 1990-98 (before the East-Asian contagion) very fast, but extra-regional trade also expanded and with a gross income elasticity of 2. This last coefficient is a signal of *open regionalism* at work. However, trade of Latin American countries remains low (as said, about one-seventh of value-added or regional GDP). Hence, notwithstanding that reciprocal trade was rising fast, it was just a quarter of the total exports (now reduced to one-fifth). So, in all, we are talking of about 3 or 4 percent of GDP. As a consequence, for overall economic growth, what happens with the rest of the economy is very crucial. The actual effectiveness of productive linkages of exports is much related with systemic competitively of non-tradables and importables, and with the macroeconomic environment.

5 Closing Remarks

Reforms to the economic reforms, that preserve achievements but correct systematically the most severe failures, are crucial. In brief, the changes required, in the areas covered here, include:

- Macroeconomic reforms to achieve more sustainable equilibria, functional for productive development, discourage excessive borrowing, control the external deficit, and avoid exchange rate appreciation during next capital surges. Some crucial ingredients are: (i) improving counter-cyclical regulation and supervision of the financial system; (ii) establishing strongly counter-cyclical fiscal policy; (iii) returning to intermediate managed flexibility of exchange rates; (iv) establishing selective prudential regulations of capital flows; and (v) giving the predominant voice in public affairs to producers – capital and labour – and society, rather than the financieristic lobbying.
- Systematic efforts to complete factor markets (labour training, technology, long-term financing, and infrastructure); all are policy variables related to systemic competitivity. Two strategic ingredients are: (i) making effective efforts to develop long-term segments of the capital markets, improving notoriously the access of small and medium-sized firms; and (ii) implementing comprehensive national programmes of labour and entrepreneurial training and technological spreading.
- Upgrading the quality of exports and their linkages with the domestic economy, for which real macroeconomic sustainable balances (including, notably, a rather stable real exchange rate) and completing factor markets are crucial ingredients. The consistency and proper sequencing of reforms and policies have shown to be severe flaws in the actual design and implementation of the Washington Consensus.

Latin America is capable of encountering the elusive road of growth with a pragmatic approach away from ideological neo-liberalism.

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