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Hasn't that Washington Consensus done well? [1]

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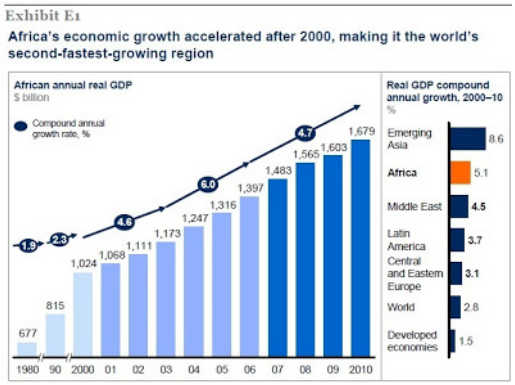
Twenty and thirty years ago the general consensus was that pretty much nothing was going to help Africa. Sunk in Malthusian destitution as the various countries were, people really just couldn't see any manner in which the place could develop. Then there was this bright idea: hey, what if we told people and governments just to stop doing stupid things?

No, not some grand plan for how to develop, not earnest Fabians planning how the groundnut industry should work. But just, you know, stop doing the things that we *know* deter economic growth? And so was the Washington Consensus born. It's not actually a prescription, it's a series of rules of thumb. It's not even from Washington: if's from the experiences of various Latin American states. And it really is just a list of stupid things that you shouldn't so. Or perhaps the opposite of those stupid things that many had been doing. Have market determined exchange and interest rates, not purely invented ones. If you're going to have import restrictions make them general tariffs, not licenses or permits. Tax everything just a little bit, not one thing hugely. Public spending should be on those things that it does well: public health and primary school education. Protect property rights, allow foreigners to send their lovely capital in, regulate on environmental or safety grounds but not others. Essentially, just the basic Government Economics 101 stuff.

That consensus isn't anything official but it's just roughly what everyone thought the general advice should be around and about 1989. It gradually got implemented though the 90s in Africa (barring some horrors like Congo and Rwanda). So, what's the general outcome of governments not doing economically stupid things [3]?



Hmm, that's pretty good actually:

> As a starting point, Africa's economic growth sped up around 2000, and for the decade from 2000-2010, it was the second-fastest growing region of the world. If one counts a "consuming household" as a household with over $5000 per year in income, the number of African households in this category rose from about 59 million to 90 million over this decade.

In fact, given the deep despondency about even the possibility of development in Africa that's very good.

And it's an important lesson for us too. Indeed, I would argue that it contains the most important economic

lesson it's necessary for us in hte rich world to understand, for our own sakes.

Yes, it's entirely possible that there are some bright ideas that government could do to make us wealthier. But much more important for our future wealth is not allowing the government to do the stupid things that will stop us ourselves making ourselves wealthier. And we can go through that list and see people already camapigning to do stupid things: exchange rates, what's the euro is not an invented and fixed rate? On interest rates we've endless fools stating that the government should just print money to "invest" at artificial rates. Capital controls are coming back into vogue: that'll stop the foreigners investing for a start, as well as give us an artificial exchange rate. Everyone wants to tax the rich hugely, apparently crucial public spending in the UK now includes Newcastle's arts scene. And as Twain pointed out, while the legislature's in session no man's property is safe (there really are calls for the confiscation of second and empty houses for example, the forcible renting of them to social tenants through the local council is another idea out there).

Of course good ideas to make things better should be promoted. But the real battle is to stop them, as we've seen in Africa, doing the stupid things.

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