

# A comparative case study from Latin America: Comparison of Buen Vivir and Washington Consensus with cases from Latin America

Kaan Akkaş Kaan Cengiz

December 16 2024

# Introduction

- The Washington Consensus represents a set of economic policies promoted in the late 20th century to stimulate market-led growth.
- Buen Vivir is a socio-political and cultural concept rooted in indigenous worldviews that promotes harmony with nature and community well-being.

# Motivation

- Countries with similar histories and institutional backgrounds
- Our goal is to understand the different growth and development patterns in Latin America

# Washington Consensus

The Washington Consensus refers to a set of 10 economic policy prescriptions, suggested by John Williamson, and promoted by IMF, World Bank, and the US Department of Treasury.

- Fiscal Policy discipline, avoidance of large fiscal deficits
- Redirection of public spending, from subsidies to pro-growth services and investments
- Tax Reform
- Interest Rates, that are market determined
- Competitive Exchange Rates

# Washington Consensus Cont'd

- Trade Liberalization
- Foreign Direct Investment liberalization
- Privatization of state enterprises
- Deregulation
- Legal security for Property Rights

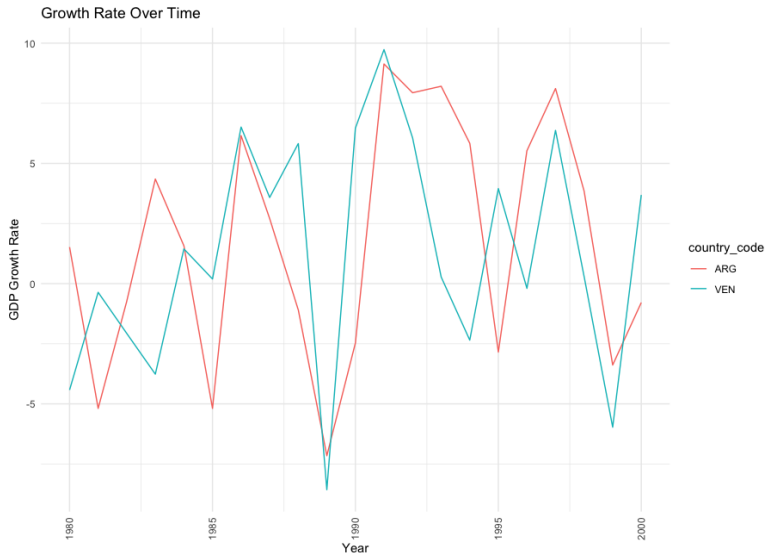
# Washington Consensus: A Case Study

Many Latin American countries, especially Argentina and Venezuela, adopted Washington Consensus policies.

As a result, we've observed an increase in growth, a decrease in inflation

We've also observed rising inequality, privatization failures, diminished social safety nets

# Washington Consensus: A Case Study Cont'd



# Buen Vivir

- An Andes native philosophy
- Equality of all living lifes
- Rights to protect all lives without a need of personal interest
- An opposite of Coaseian framework
- “Dignity of Human Life” perspective instead of linear growth models



# Bolivia

- A country named after Simon Bolivar
- Parts of Andes and Amazonian habitat at the same time
- Indigenous Quechua people

## 20th Century - Present

- Laissez-faire (early stages)
- MNR and land reform
- Dictatorship era
- Democratization
- The law of the Rights of the Mother Earth (2010)

# Ecuador

- App. 16000 years of civilization
- Indigenous population

## 20th Century - Present

- Dictatorships- populist movements
- Andean petroleum pipelines
- Democratization
- Rights of Nature (2008)

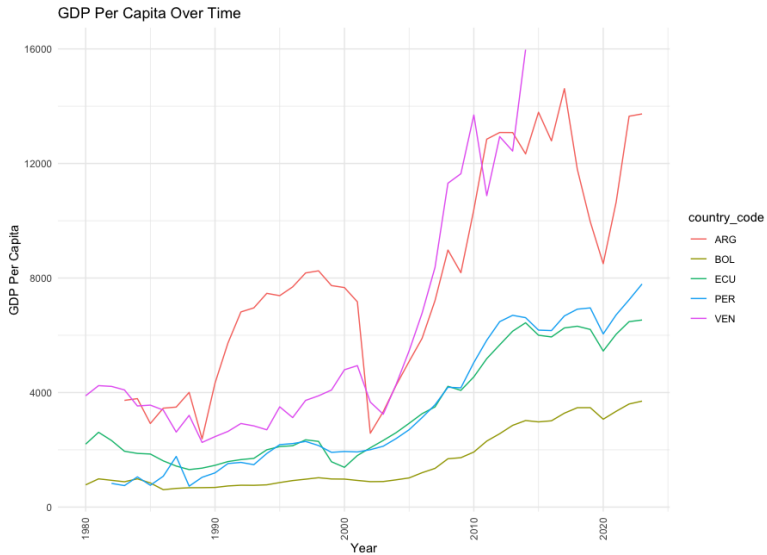
# Data

We've used a combination of UNDP and World Bank data

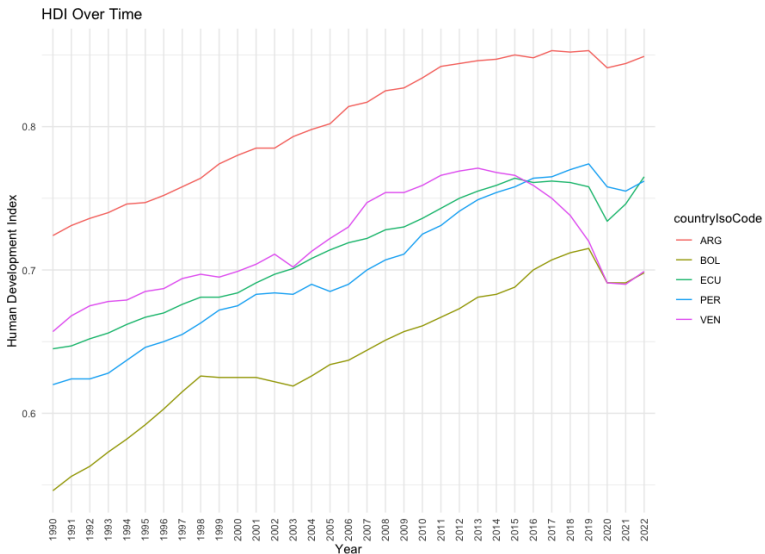
# Findings

- Washington Consensus focuses on market-led growth, emphasizing individual wealth and economic liberalization.
- Buen Vivir seeks a balance between economic well-being, environmental sustainability, and social equity.

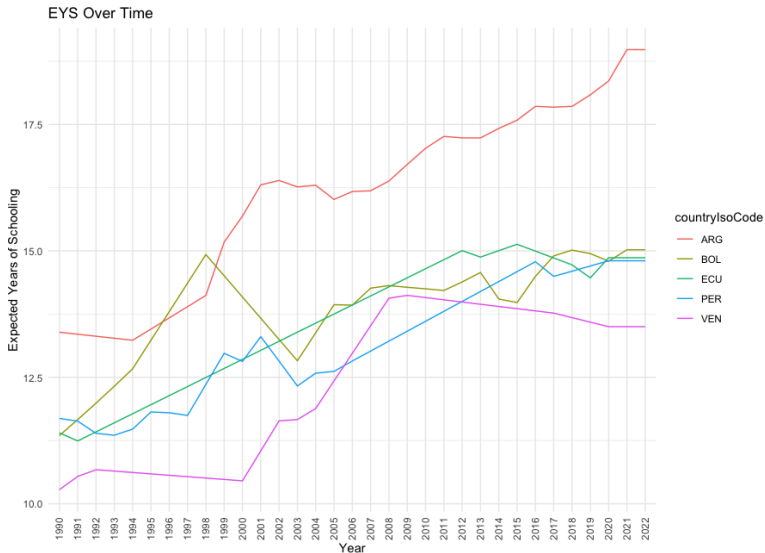
# Findings



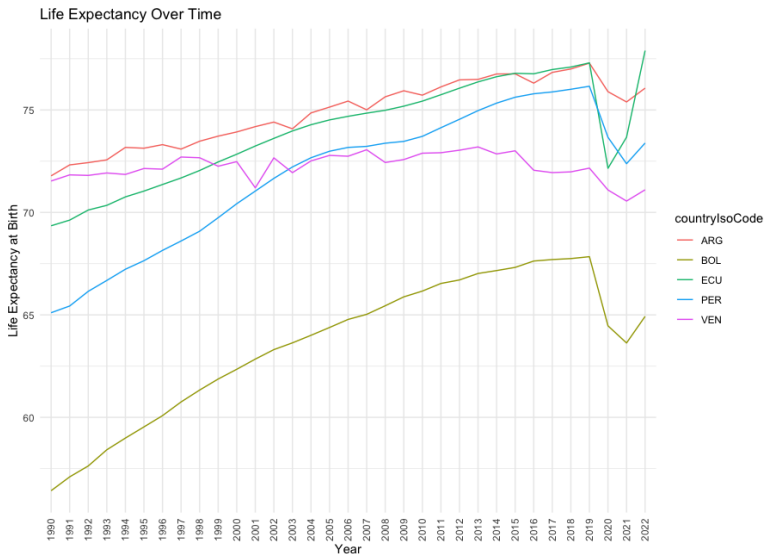
# Findings



# Findings

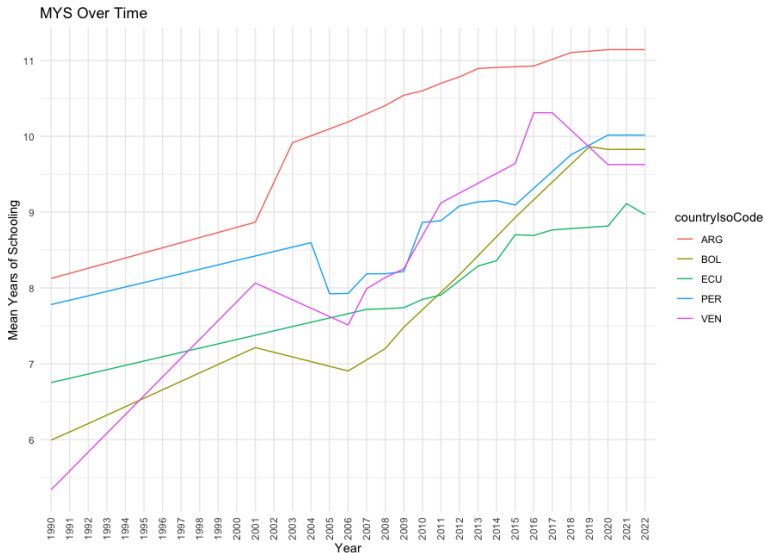


# Findings

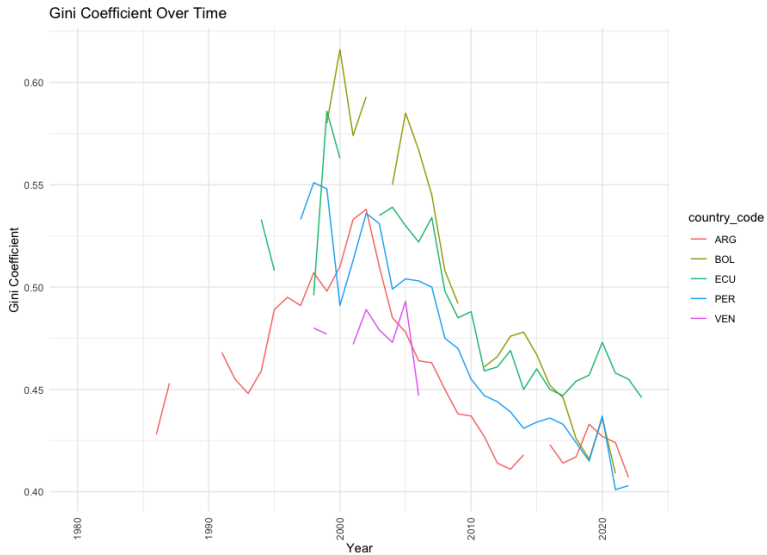




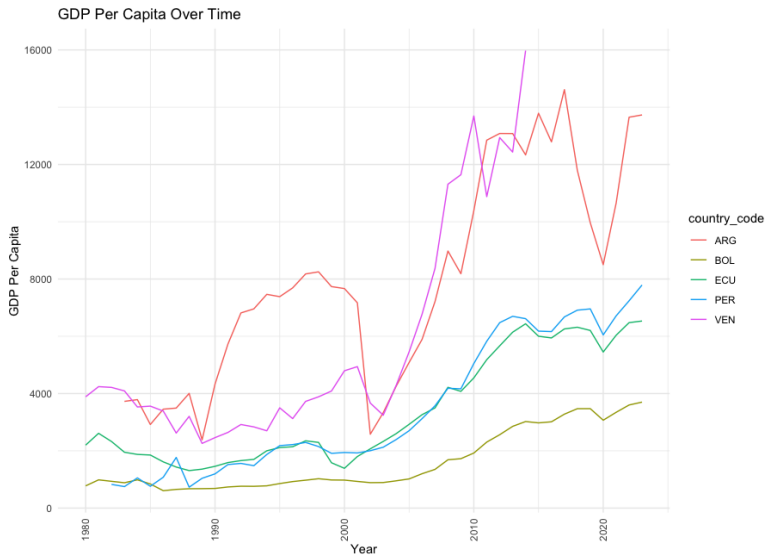
# Findings



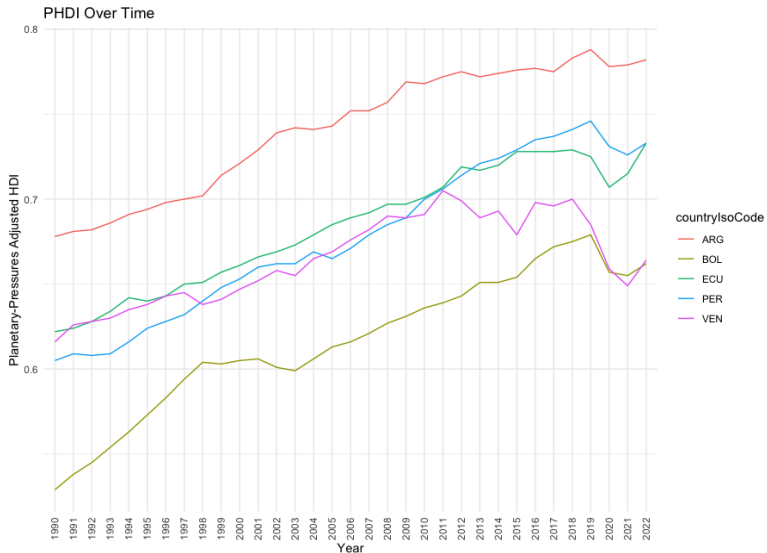
# Findings



# Findings

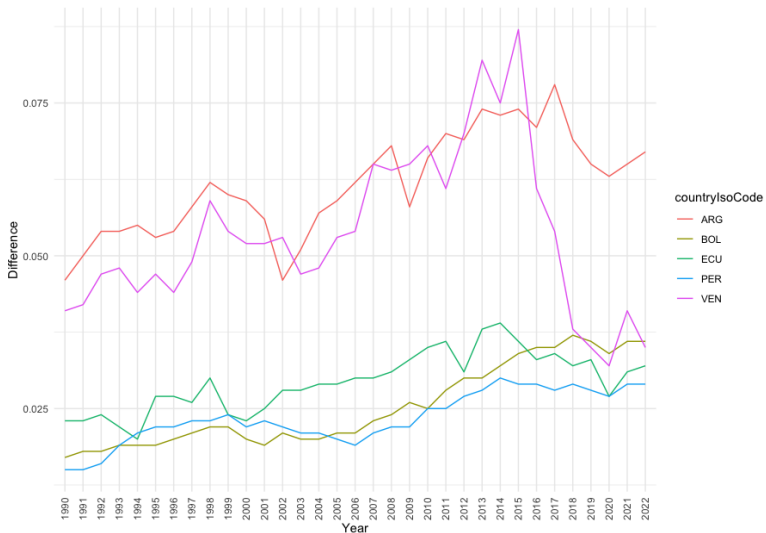


# Findings

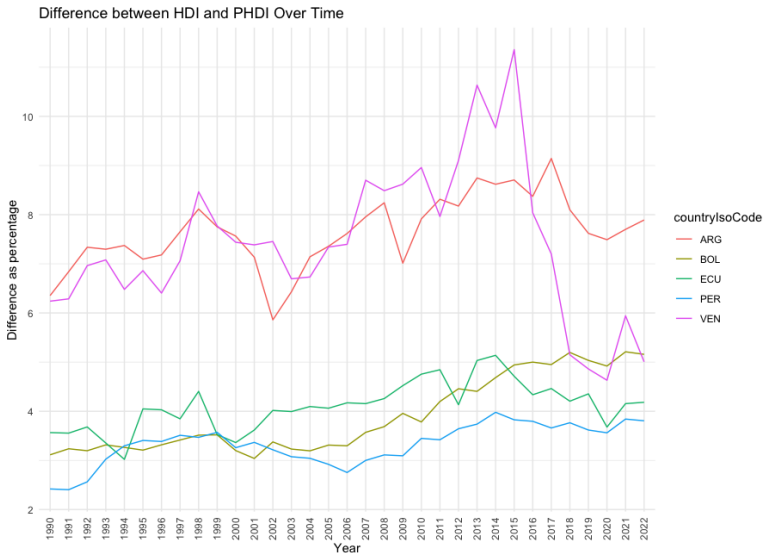


# Findings

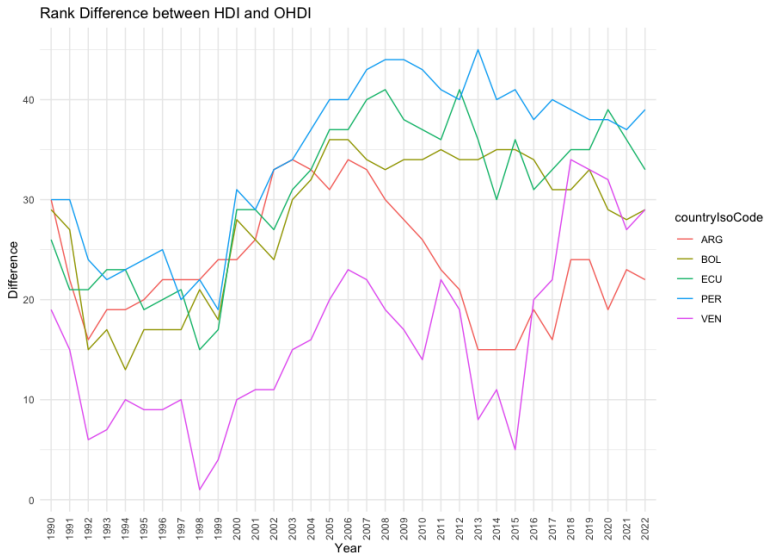
Value difference between HDI and PHDI



# Findings



# Findings



# Conclusion

- A more volatile growth in Washington Consensus countries (1999-2002 Argentinian crisis)
- A more sustainable growth in Buen Vivir Countries
- Buen Vivir can compete with more-developed countries in terms of life expectancy and mean years of schooling
- Still, Buen Vivir lacks in growth and does not cause the expected "good life"