

## Washington Consensus and the IMF

*What do you understand by the term the Washington Consensus? Does it adequately describe the ideology which informs the policies of the IMF in the new millennium?*

### Introduction

In recent history, the capitalist world and the western world at large has been faced with several key issues like inflation, third world debt and currency crises that have often been associated with the policies resulting from the Washington Consensus. Although it seems far fetched, yet even the rise in terrorism and terrorist activity has been linked with the policies created from the understandings of the Washington Consensus. In effect, it is a vital item of debate which must be clearly understood by all those who wish to be a part of the economic, social or political spheres of life.

### Definition

From a technical viewpoint, the term 'Washington Consensus' is a name given to the policies which were suggested by Washington based institutes to the Latin American countries in order to bring up and improve their economies. The term was originally created by Williamson and has been a part of political and economic terminology ever since. The defenders of the consensus call it a boon and a path to greater economic freedom for the less developed countries of the world. Those who oppose it call it a cruel implementation of new liberalism and a tool for the global hegemony of America (Williamson, 2000).

Williamson himself is well aware of the detractions and has said that people misunderstand the notion completely. He says that audiences around the world think that the Washington Consensus are a name given to neo-liberal policies that have been forced upon various weaker countries by the Washington-based international financial organisations that have led those countries towards a state of crisis and created misery for their people (Harvard University, 2003). The vastly different opinions created by the implementation of the Washington Consensus shows that the policies are controversial if nothing else.

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