Despite the laudable concern with, and current focus, on inclusive development ‘exclusion’ is not the problem that development practitioners should be concerned with. It is not the problem. Nor is inclusion the solution. The problem rather is a system which is designed to benefit the few who have the power to advance their own interests at the expense of the many, who have suffered and continue to suffer precisely from their inclusion and participation in this system, under conditions of what CEPAL, in a very timely and important report on the social dynamics of the system in Latin America, terms ‘the structure of inequality’ (ECLAC, 2010). The report, which parallels reports published recently by UNRISD and the UNDP, essentially views this structure, and the policies of neoliberal globalization that reproduce it, policies that come under the rubric of the so-called Washington Consensus—now the Davos consensus—as responsible for the devastating poverty that still affects a third of the region’s population\(^1\) even with a 30-year plus war waged by the World Bank on poverty and a decade

---

\(^1\) After a decade lost to development, during which the rate of poverty in the region climbed from 40% of the population to 48%, and then ‘the difficult 1990s’ characterised by slow to negligible economic growth and a marginal decrease in poverty (down to 43% in 2000 and 44% in 2002), the new millennium opened with a commodities-export led boom and an appreciable reduction in the rate of poverty (down to 33%) and the
of concerted efforts under what has been termed the post-Washington Consensus on the need for a more inclusive form of development—and in the case of Mexico over 50% of the population lives and works in poverty (some 57.7 million based on official statistics), with another 7,000 added each year since 2006 to the ranks of the poor.  

In effect, these recent reports, reject or move beyond, the prevailing view that poverty is a matter of social exclusion and diverse deficits suffered by the poor (a shortage or the lack of capital, resources or opportunities), or that it is attributable to the lack of capitalist development—the low productivity of agricultural labour and economic activity in the informal sector.

In this regard, we would argue that to seek the increased participation of the ‘hitherto excluded’, or the integration of the urban and rural poor, into this system under available conditions, and to encourage the poor to do so under these conditions at this conjuncture, would be a cruel joke and for the advocates of this approach a lapse in either understanding or ethics.

It is true that capitalism—the capitalist development of the forces of production, and the associated process of productive and social transformation—has resulted in an extraordinary productive system—an unprecedented accumulation of wealth that to all appearances, and by many accounts, has not only led to widespread affluence and a vast improvement in the social condition of people all over the world—at least for some social classes—but has lifted millions of people out of poverty. But the costs of this development process have been extraordinarily high in the assault on the capacity of people to—as they

---


2 Según las estadísticas oficiales del gobierno hoy mas que 50% de la población Mexicana (unos 57.7 millones) están en ese condición—pobre, según la definición de los teóricos y practicantes del desarrollo. Y casi 20 millones viven en condiciones de pobreza extrema. Entre 2006 y 2010 se calculan que cada día 7.000 Mexicanos se incorporaron a la pobreza: un 3.2 o 7 millones (según la metodología de la medición), desde 2008—y unos 13 millones desde el 2006, en el inicio de la administración Panista actual) están desprovistos de recursos, oportunidad y capacidades de satisfacer sus necesidades básicas, y muy vulnerables al hambre, desnutrición, enfermedades de la pobreza…o de perder su muy modesto y precario modo de vivir…que para muchos tiene que ver con el trabajo ‘por su cuenta’ en las calles de las ciudades como éste.
say (or hope to do) in Bolivia—‘live well’ in solidarity with their fellow human beings and in harmony with nature.

And this is not to mention the degradation and possible destruction of the underlying ecosystem on which both life and development depends. Nor need we mention the propensity of the operating economic system towards crisis, manifest not just in the so-called global financial crisis but in dynamics that reach much deeper into the very foundations of the system—putting at risk the livelihood of billions of people, and threatening countless millions with hunger and starvation, as well as the destruction of their livelihoods and environment.

All too often, ‘development’ in this context—especially when the power of the state to establish limits to the process—has been not only very uneven but a two-edged sword (and a very bitter pill to swallow, and for many a form of poison).

On the one hand, we have a positively indecent concentration of wealth, especially in recent years, as well as an extraordinary increase in the level of material consumption for many (the so-called global middle class,3 those with the capacity to consume)—the basic measure of economic and social development in this system. On the other hand, we have a system in crisis, generating conditions that might very well destroy the life-supporting, and life-giving natural wealth of the planet; and that undermine the capacity of untold millions to live their lives in harmony with nature and solidarity with others, and to sustain their livelihoods, forcing them to migrate or seek out opportunities in the labour market of burgeoning cities—pathways out of poverty, according to the World Bank in its 2008 Report on Agriculture for Development (World Bank, 2008).

At issue in this process is a system with an inherent propensity towards crisis, a dynamic tendency towards uneven development, towards the construction of a structure of inequality—in regard to both land (still the basic means of production and livelihoods for millions of small producers and peasant farmers and their communities) and income, sprouting hundreds of multi-billionaires at one extreme (over 1210 by Forbes’ latest count—with a combined ‘patrimonio’ of $4.5 trillion) and widespread poverty at the other.

What is particularly disturbing about this process (many things are disturbing at a general level) is that in all the recent and current (and not misplaced) attention paid to the role of natural disasters in this process, the system and policy dynamics that generate this structure and associated conditions are usually, almost always—even systematically—ignored.

In this connection the diagnosis made by the UNDP in its 2010 report on Human Development in Latin America is to be welcomed and very much to the point. In the words of the Report there exists a ‘direct correspondence between the advance of globalization, neoliberalism, and the advance of poverty social inequality, social inequity…. The most explosive contradictions’, the report adds, ‘are given because the advance of [neoliberal] globalization marches hand in hand with the advance of poverty and social polarization. It is undeniable’, the Report continues, ‘that the 1980s and 1990s [were] the creation of an abysmal gap between wealth and poverty’ and that this gap constitutes the most formidable obstacle to achieving human development (UNDP, 2010: xv).

What are—or what have been—the strategic or intellectual, or political, responses to this situation--the inequality predicament (to use a phrase coined by UN in an earlier (2005) report on worldwide social development; and the associated poverty problematic? This is the question.

As we see it: there are three fundamental responses, each made on the basis of some consensus as to the nature of the problem and the nature of a possible solution.

1. The Davos Consensus

First, we have what *The Economist* (January 22, 2011) terms the Davos Consensus—basically what we know as the discredited and defunct Washington Consensus on the need for a ‘new world order’ in which the ‘forces of economic freedom’ are liberated from the regulatory constraints of the welfare-development state, and an economic model predicated on free market capitalism, on a belief in the magic of the market.
This consensus, which reflects the thinking of a neoliberal thought collective (members of the Mont Pelerin Society) and the guardians of the neoliberal world order of neoliberal globalization,\(^4\) is:

- that social inequality in the distribution of society (and the world’s) resources or wealth is not a problem but rather needed as an incentive to productive investment and thus a dynamic of economic growth; and that:
- the solution—the only way forward (TINA, according to Thatcher, an early advocate of the Washington Consensus)—is to boost growth and reduce extreme poverty…without government intervention in the free market.

2. *The Post-Washington Consensus*

Another consensus, which, unlike the Davos Consensus, is to some extent founded on science rather than ideology, has been described as the Post-Washington Consensus.\(^5\) It entails the belief and advances the argument as to the need for an alternative form of development that is human in form and scale, equitable, sustainable in terms of both the livelihoods and the environment, participatory, and above all inclusive (Sunkel and Infante, 2010).

This consensus\(^6\) brings together many if not all scholars and practitioners in the mainstream of current development thinking in the search for a new paradigm, a new way of thinking about (and putting into practice) development.

---

\(^4\) On this world order of neoliberal globalization see, inter alia, Petras and Veltmeyer (2011).


\(^6\) This consensus includes a call for a ‘more inclusive development’ based on (1) a new social policy that targets the poor; (2) local institutions for poverty alleviation and (3) specific policies for, and fiscal expenditures on, health and education services to provide simultaneously social infrastructure for economic growth, human capital formation and expanded opportunities for the poor; (4) a ‘decentered but capable state’ with a ‘joined-up decentralized governance’ (Craig & Porter 2006); (5) a new development paradigm based on decentralized governance and the accumulation of social capital and local development (Atria et al. 2004); (6) a call for ‘more balance between the state and the market’ (Ocampo, 2007); (7) institution of a ‘social democratic regime’ capable of ‘reconciling... growth through globalized markets with extensions of political, social and economic rights’ (Sandbrook, Edelman, Heller and Teichman 2007: (8) provision of an overarching comprehensive development framework and, within this framework, construction of a new policy tool—the poverty reduction strategy paper (PRSP) introduced to the ‘development community’ in 1999 at the G8 Summit; and (9) empowerment of the poor—capacitating them to act for themselves, converting them into a fundamental agency
The World Bank in a 2007 publication that summarises this then ‘emerging consensus’ provides one formulation of it in terms of six principles and a two-pillar strategy. I won’t read out the six principles but the 2-pillar strategy in any case summarise and includes them. In the Bank’s formulation ‘[t]he first pillar is building a strong climate for investment, jobs, and sustainable growth, and the second pillar is investing in the empowerment of poor people to participate in development. This simple organizational approach summarizes the six principles’ (World Bank, 2007).

Economists at ECLAC have constructed another version based on what Osvaldo Sunkel terms a ‘sociocentric’ vision of the development process.  

**SLIDES 4-12**—Osvaldo Sunkel on the new developmentalism: Towards Inclusive Development.

This interpretation of the emerging post-Washington consensus has been reformulated by a Brazilian economist Bresser-Pereira, formerly Minister of Finance under the regime of Fernando Cardoso, as the ‘new developmentalism’, which he delabrates in the form of 10 theses:

**SLIDE 24-26**—10 Theses on the new developmentalism

This ‘new developmentalism is based on the post-Washington consensus, key elements of which include:

- to bring the state back into the development process and establish a ‘better balance between state and market;
- a neoliberal policy of structural reform at the level of the macro-economy…to promote economic growth (pro-growth policy);

---

7 See the attached powerpoint presentation prepared for the new Masters in Critical Development Studies program at the Universidad mayor de San Andrés in La Paz, Bolivia.
• a new social policy (NSP) targeted at the poor—to ensure a more equitable distribution…meet every person’s basic needs and to alleviate, if not reduce, poverty;
• a policy of social inclusion—to include the ‘hitherto excluded’—in regard to education and health—to build humans capital, social infrastructure for economic development, and an opportunity for the poor to improve their lot and lift themselves out of poverty;
• administrative decentralization, to create conditions of greater participation—social participation in the development programming of the state with international cooperation, to establish thereby not only a more participatory form of development but good governance—to engage civil society in the process; and:
• the empowerment of the poor.

On the basis of this consensus the architects of the development project constructed various models—including models for local development designed not to pave the migration and labour pathways out of poverty—still the development policy of choice for the World Bank (if the 2008 report can be taken as a guide)—but to allow the poor a rural livelihood, albeit not in agriculture.

Given the concern with and focus on poverty within this paradigm, and what Bresser Pereira terms the ‘new developmentalism’, the World Bank constructed a Comprehensive Development Framework…presented towards the end of the twentieth century (at the end of the decade) a new policy instrument: PRSP, designed to replace the one-size-fit-all structural adjustment programme (SAP).

We have no time to analyse the outcomes and social impacts of this strategy, and related policies such as the vaunted Conditional Cash Transfer (CCT) program pioneered by ‘Lula’ in Brazil and now adopted across the region by 19 countries by the latest count. But I will fast-forward to the ECLAC 2010 (and various other UN) reports that have finally joined the consensus in academia, namely that a policy of social inclusion and economic assistance is an inadequate response to the poverty problematic and will not in any way sustain the reported progress towards the first new millennium goal made in recent years.
It is, as ECLAC argues in its report *Time for Equality—closing gaps, opening trails*, necessary to address the inequality predicament—to bring about change in the structure of social inequality, and more importantly (to the point of our remarks) to confront the powerful economic interests and groups that sustain this structure, benefit from it, and perpetuate it in the form of the Davos Consensus.

As for the well-meaning advocates of the post-Washington policy approach, it would be (we argue) both incorrect and unethical to promote a policy of social inclusion without social change—and thereby integration into the capitalist development process—knowing full well that this would condemn many to merely chase after the crumbs left over from the feasting of the rich and the well to do without changing their situation, which would require more fundamental change in the system. This is the *uncomfortable or inconvenient truth* that we must face (to paraphrase the former US V-P Al Gore).

It would also be unethical to allow the super-rich, billionaires such as Carlos Slim in this country to live off the avails of national development and their misbegotten gains while gathering each year at his ranch with his fellow billionaires to discuss the poverty problematic (how to reduce poverty); it is unethical to not take appropriate action, whatever form that might take or require, to take away from these super-rich capitalists the right and their capacity to appropriate the lion’s share of the wealth produced by so many.

At the very least this means tackling head-on the powers that be behind the so-called inequality predicament (which has economic, social, political and ethical dimension) and the poverty problematic of capitalist development and neoliberal globalization. Unfortunately the PWC does not get us to this point: to our minds an intellectual but also an ethical issue.

3. *An emerging radical consensus*

I have little time but let me quickly bring into focus elements of another emerging consensus—a radical consensus on the need to not only go beyond neoliberalism but beyond capitalism, or at the very least, fundamentally transform its workings on people and the environment.

This emerging consensus brings together a new left—not the old political left with its sectarian party politics, but a new left oriented towards a new way of doing politics,
networking with diverse social organizations and social movements in the popular sector—and the social movements based on peasant organizations and indigenous communities. These movements in the 1990s led the resistance to neoliberalism, to the Washington Consensus and the new economic model used in many countries to guide government policy. In the new millennium, these forces of resistance for the most part were demobilized—except for Bolivia, but more recently these movements have begun to reorganize in the search for an alternative model for bringing about a more authentic form of development that not only goes beyond neoliberalism but beyond capitalism, that is, in the direction of an economy that is not governed by the dynamics of capitalist development…with its negative impacts of people and the environment…on humanity and the planet.

REFERENCES


