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chapter 10, in Victor Munck and Elisa Sobo (eds), *The Anthropology of Power, Agency, and Morality: The Enduring Legacy of F. G. Bailey*, Manchester U Press, 2022

## The social construction of the Washington Consensus on international trade policy

Robert H. Wade

This chapter is about a conference in Geneva where mainstream economists debated how to insert 'international trade' into the UN's Sustainable Development Goals. In order to show how I came to 'anthropologize' this conference I need to bring in some autobiography, beginning with my arrival at Sussex University in late 1967.

I had been accepted into the Economics PhD program at Sussex. I applied from my homeland, New Zealand, because Sussex was the site of the, by-then, famous Institute of Development Studies. As son of a New Zealand diplomat I had lived in Sydney, Canberra, Wellington, Washington DC, Ottawa, Colombo, Kuala Lumpur, I had also conducted fieldwork on the economy of the residents of the remote but semi-famous South Pacific island of Pitcairn (home of descendants of the Bounty mutineers).

The combination of my experience in several other cultures, plus my growing dismay at neoclassical economics (a world without social connections, only markets and governments) produced an epiphany: I would switch my PhD studies from economics to anthropology,

thinking that the latter might give me a better entry into Adam Smith's 'wealth of nations'-- the study of why most people in less developed countries were shockingly poorer, insecure, and more constrained in life options than people in New Zealand and other Western countries. I visited Freddy in his office. He was amiable and gracious, we had a long conversation, he looked at my papers, and said 'yes,' though I had hardly any training in anthropology.

## **Italy**

My intention was to ask Adam Smith-type questions through fieldwork in India, but the Anthropology Department had obtained a large research grant to finance a dozen or so doctoral students in agricultural villages in Europe. I went to southern Tuscany region of Maremma where the Italian state carried out a massive land reform during the late 1940s and 1950s. The reform involved the expropriation of large estates (compensated at the value the owners had declared for tax purposes) and heavy investment in creating viable family farms so as to increase agricultural production and undercut the growing Italian Communist Party campaigning for 'land to the people'.

The Italian government, as well as other European governments and the US, were worried that 'communism', having been defeated in the Greek civil war next door, would sweep through the 'soft underbelly of Europe' and spread through northwest Europe. I wanted to study effects of this 'exogenous' change in wealth and status. For eighteen months, I lived in a village in the middle of a large tract of expropriated land (the landscape must have been designed by Michelangelo for beauty more than production). In Bailey fashion I 'soaked and poked,' listened to gossip as the entry to social norms and local politics. I wrote up monthly fieldwork consolidation reports and sent them back to Sussex. The resulting PhD was not so much about the land reform, because between the end of the land reform in the mid 1950s

and my research in the area in 1969-70, with the 'Italian miracle' in between, the problem had pivoted from 'not enough land for the people' to 'not enough people for the land', and agriculture and farmers had become marginal. The thesis was more about the way that 'social capital' at the base stopped the apparently deep political cleavages at the top from turning Italy into a 'centrifugal democracy' (Wade 1975, 1979).

## **India**

After my PhD I became a Fellow at the Institute of Development Studies, Sussex University. I did intensive fieldwork in India, which focused on water reform. I wanted to find out why the average productivity of canal-irrigated agriculture was so low (a brake on India's overall economic development), and how it could be raised by changes in the way the canals were being operated and maintained, *without* expensive capital investments. I studied how the civil engineers of the Irrigation Department were operating and maintaining large public canal systems, their interactions with each other and with farmers. I lived in a town and a village in Kurnool district, Andhra Pradesh (south central India), for months before it dawned on me one day that I had been operating on a mistaken – implicit -- premise. I presumed that the irrigation engineers running the giant canals (some irrigating 100,000 hectares a year or more) aimed to give the farmers reliable water service as best they could, using the primitive infrastructure available to them.

Farmers complained to me that they had to bribe the engineers in order to get better water service, but I tended to treat 'corruption' as an overblown problem that westerners too easily blamed for underdevelopment. So I did not pay too much attention to the farmers' complaints. On that day I looked again at my fieldnotes and began to add up the sums that various groups of farmers had told me. My goodness, so much money, what happened to it? My research pivoted into a study of what turned out to be a large-scale, well institutionalized,

very secret system of bureaucratic corruption, operating in all the 'wet' departments of government (those with large flows of revenue). As state officials at the district level began to hear of my interest in the corruption system they got jittery – less friendly in conversation, and menacing farmers not to talk to me or else have their water cut off.

My premise was wrong because to persuade farmers to pay them amounts several or many times their salary they had to make farmers uncertain about water supply, so that groups of farmers would run to them (to their PA, personal assistant) and offer money to shift the uncertainty onto others. They used the money to pay off debts incurred to buy the franchise to their present post and to save enough to buy their next post. They paid upwards to the officer two ranks above, who might run a kind of auction to decide who got into the post (for an expected two-year tenure). Some posts being much more lucrative than others, posts acquired price reputations; and the final price was affected by such things as caste and origin within or outside the state of Andhra Pradesh. An Executive Engineer complained he had to pay much more than the normal price of the post because he was Brahmin in a state dominated by Reddys and that he was born and grew up on the next door state of Karnataka.

The officer two ranks above would have paid upwards to the Chief Engineer or the Irrigation Minister to get into his post. He then would need to recoup his money to buy the next post. Some Superintending Engineers were paying 40 times their annual salary to buy a normal two-year posting to certain lucrative SE posts on the Krishna-Godavari delta, money they raised partly by selling the franchise to the posts in their span of control (maybe 20-25) and partly from maintenance contract 'rake-offs.' The money funneled through the Irrigation hierarchy joined other money coming up through other wet departments into the hands of the Chief Minister and on up to the Gandhi family and other top politicians in Delhi.

My published papers were the first to describe and analyse the 'market for public office', as I

called it; and they informed official Government of India reports on India's black economy (Wade 1982a, 1985). This research focused on the state bureaucracy and its interactions with farmers at district level. At the same time, I was also studying how and why some villages had established a quite elaborate and long lasting system of government, independent of the state's local government, while other villages, maybe only several kilometers away, had no such system. I knew that the general understanding was that Indian villages were so based on caste identities that village- or place-based cooperation was rare and fragile. My aim was to explain how and why some villages in my area came to be exceptions, with an 'endogenous' government able to provide public goods. A village committee appointed and monitored 'village irrigators' to irrigate the whole of the village's land when water became scarce, and 'village field guards' to keep grazing animals off the standing crops (no fences). Once in existence to provide these vital defensive functions, the committee and the village fund could also organize the provision of other public goods, including bribing the engineers to secure better water supply. I published the findings in a book, *Village Republics: Economic Conditions of Collective Action in South India* (1988, Cambridge U Press, reprinted 1994 and 2007).

### **South Korea**

In 1979 I turned to South Korea where I wanted to compare the Korean bureaucracy for operating and maintaining canal irrigation systems with the Indian one. I lived in a small city and spent three months soaking and poking with farmers and the staff of the irrigation bureaucracy (Farmland Improvement Association). The contrast was striking, especially given that both bureaucracies were providing essentially the same service. The Indian one had very few incentives for officers to work conscientiously in line with the objectives of the organization; the Korean one was full of incentives, both individual (e.g. a promotion

formula) and collective (e.g. competitions between all the work units of the bureaucracy in sports and even in making organic fertilizer). These competitions had the effect of strengthening identity with the organization. I described the Korean bureaucracy and its interaction with farmers – in the context of the overarching highly authoritarian state – in *Irrigation and Agricultural Politics in South Korea* (1982b, Westview Press). With that title the book sank without trace; I should have sought Freddy's help for a brighter one.

## **Taiwan**

In the early 1980s, South Korea and Taiwan were heralded as 'Newly Industrializing Countries' (NICs). I chose to soak and poke in Taiwan, and to study the big picture of how the state had been imparting 'directional thrust' to the whole economy, particularly in industry. I spent over three months (too short) talking with officials, academics, businesspeople (Taiwanese and foreign), often going along networks of friends-of-friends and conversing more than interviewing, aiming to get beyond the 'face' of the official story to the 'reality' or 'underwear politics'. I read with growing disbelief the voluminous literature then emerging from neoclassical economists celebrating Taiwan and South Korea as 'free market success stories', a model to the world of how getting the government out of the way and letting free markets work was key to their success (remember, this was in the early years of Thatcher and Reagan and the neoliberal revolution, so confirmation bias brought academic prestige). My findings were the basis of *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization* (1990, Princeton U Press, reprinted 2004; awarded Best Book or Article in Political Economy by the American Political Science Association for publications in 1989-1991).

## **The World Bank in Washington DC**

In 1984, after fieldwork in Taiwan, I was invited to join the World Bank in Washington DC as a staff economist, to work especially on agricultural development. My reasons for accepting had less to do with interest in what the Bank wanted me to do than with understanding – by soaking and poking, paying attention to social relationships, incentive structures and norms – how the World Bank operated from the inside; and in particular, how it promulgated such a simple 'one size fits all' recipe for 'best policy.' This message came to be known as the 'Washington Consensus,' and was the same message western neoclassical economists used to describe South Korea's and Taiwan's success.

Throughout this period, I was both fascinated and appalled to experience, close up, how the Bank's staff were disciplined to endorse 'There is no alternative' (TINA) to the Washington Consensus. This message was endorsed not just to outsiders, but also internally to themselves. I experienced the dynamics of 'groupthink' with a vengeance. Even in lunchtime conversations it was risky to bring in qualifying evidence (e.g. from East Asia). Before long one would get a reputation as 'not reliable', 'not a good economist', and might be invited to find employment elsewhere. During that period, 1984 to 1988, many people who had worked in the Bank advising on, for example, how to develop a bicycle industry, or a petrochemical industry, or anything else in the spirit of industrial policy, were either fired or had to rebrand themselves as experts in environment, or good governance, or poverty reduction. The hard-line neoliberals in charge called it 'cleaning the stables'.

While working in the Trade Policy Division, I was asked to write a report on how East Asian countries had promoted exports. When I explained that they had integrated export promotion with import substitution like 'the two wings of the same bird,' I was told that the Bank did not want to know about import substitution (unless it was negative), only about export promotion. I left in 1988 to work in the more honest atmosphere of the Office of Technology

Assessment, an agency of the US Congress.

### **Geneva and UNCTAD**

Fast-forward to the following case study. It is about what happened in a one-and-a-half-day meeting of experts to discuss 'appropriate trade policy', held at UNCTAD (United Nations Conference on Trade and Development), in Geneva, 9-10 December 2013, organized by its Division of International Trade. My account is an example of how I have tried, over many years and many places, to pan in to micro situations (such as this meeting) and pan out to large-scale generalizations, always bearing in mind that anthropologists are the only social scientists allowed to say that the plural of 'anecdote' is 'evidence'.

The meeting illustrates the central point that the ongoing global economic slump at that time, far from prompting rethinking of core free-market ideas, had the effect of consolidating their hold in the mindset of experts and officials of (western-dominated) international organizations. The UNCTAD trade meeting was one of many international meetings at that time to construct *global* goals as successors to the Millennium Development Goals (MDGs), due to 'expire' in 2015. The successors were to be called the Sustainable Development Goals (SDGs). While the expiring MDGs related to developing countries the SDGs were intended to apply to all countries.

The specific objective was to consider how to translate MDG 8 (an open, rule-based, non-discriminatory trade regime) into a trade goal to go into the post-2015 SDGs. Around 35 people participated over one and a half days. They included academic international trade economists from continental European and British universities; employees of or consultants to international organisations like the World Trade Organisation (WTO), World Bank, and UN Department of Economic and Social Affairs (DESA), also staff of the organizing



Division of International Trade ; and me, a professor of global political economy at the London School of Economics and Political Science.

### **Barometer of Thinking**

The arguments made during the meeting – and not made – can be used as a barometer of the mindset for global trade policy in epistemic communities of trade experts. One leading question is the extent of rethinking of the long-established high priority given to *free trade* policy as an engine of growth, in developing and developed countries. The fact of UNCTAD sponsorship – rather than WTO, World Bank or Organisation for Economic Cooperation and Development (OECD) sponsorship – might lead one to expect rather more 'out of the box' thinking than normal, given that UNCTAD has been, since it was created in 1964, a leading international think tank on behalf of developing countries and in the 1970s the main source of ideas about a 'new international economic order' (NIEO). So, was there any sign, in this conference, that neoliberal free trade policy was 'in retreat' as of 2013, and any sign of an emerging alternative narrative?

The academic trade economists, in remarkably uniform style, stood before the PowerPoint projection screen at the head of the room and waved an arm at algebraic symbols, followed by tables of regression coefficients. They spent most of their time talking about how they constructed the model and how they did the econometrics, and little time talking about the 'intuition' of their results and the links with the SDGs. In the intermissions the academic trade economists grouped and gossiped with each other, as friendly members of the same epistemic community who met from time to time at academic gatherings. The more practical trade policy people took for granted that trade expansion was, if not *the* engine of growth, then a growth engine so powerful that it could be prescribed for independently of other priorities, so that trade-offs did not have to be considered. They took for granted that trade expansion

requires free trade policy (eg no protection), and went straight on to consider issues of 'trade facilitation' (reduced transactions costs), and how to get 'trade facilitation' prominently into the SDGs.

Here they stressed that the onus of facilitating trade falls not only on developing country governments, but also on governments of developed countries, which must give more 'aid for trade'. Aid for trade could be used to help developing countries computerize their customs departments, invest in port infrastructure, and the like. They also stressed the importance of reducing financial market imperfections, especially to help small and medium enterprises (SMEs) engage in international trade; and they further stressed the importance of governments investing in developing *skills*, alongside reforms to make labour markets flexible (make firing easier). Conversely, they warned – invoking the theory of second best – against developing country governments using trade protection as an easy escape from reducing 'distortions' or 'imperfections' with instruments close to the source of the problem (instruments for directly reducing financial market or labour market distortions, for example). Trade protection should always be avoided, because it is too far removed from the source of imperfections and too easily abused; on this there was complete and frequently repeated unanimity. 'Market imperfections' was a constant reference point through the conference, for both the academics and the trade policy people. Something had only to be described as a 'market imperfection' for everyone to know it was wrong. 'Market imperfections' (implicitly) meant power, and power in market transactions was *ipso facto* wrong, it must be disappeared.

That was the core of the trade policy people's argument. Some said explicitly that, yes, there are always 'short-term' adjustment costs following trade liberalisation; but *we know* that the longer-term gains from free trade, in the form of greater efficiency of resource use, will more than offset the short-term costs. They had bits and pieces of advice about what trade goals

should go into the SDGs, but they were mainly interested in affirming the rightness of the core 'trade facilitation' agenda.

### **2013 or 1983?**

I was fascinated. What year are we in, I asked myself: 2013 or 1983? What organisation are we in: UNCTAD or some combination of the WTO, World Bank and OECD? When I spoke near the end I commented on the almost total absence of mention (let alone discussion), after one and a half days, of mega events and trends, such as:

(a) China, and the ability of Chinese manufacturers to 'knock out' manufacturing in many middle-income countries, thus changing the relevance of 'comparative advantage theory' that lay behind the policy of free trade; (b) Finance, free capital movements, and exchange rate movements driving global payments imbalances in the wrong direction; (c) the Trans-Pacific Partnership, then under negotiation; (d) the Transatlantic Trade and Investment Partnership, then under negotiation; and (e) the various European Union free trade agreements under negotiation or recently negotiated with India, Japan, and Korea.

I pointed out that workers knocked out of employment in labour-intensive activities, like textiles or shoes, by Chinese imports tended to remain unemployed for long periods and remain in the same place rather than travel to find work. So the alternative to trade protection may well not be reallocation of people into more 'efficient' employment but into unemployment or lower-wage precariat activities like personal care. I held up my Palestinian scarf, recently bought in the market in Hebron for 25 shekels. It was made in Palestine, of cotton. Next to it in the market was an almost identical scarf made in China, of nylon, selling for 10 shekels. The Palestinian textile industry has been more or less wiped out by cheaper Chinese imports. I pointed out that the Palestinian Authority (the nearest thing Palestine has

to a government) has nothing close to an industrial extension service, similar to what I studied in Taiwan, where engineers coach factories about how to improve production-line lay-out, how to obtain a new kind of machine tool, and the like. This, even though factories I had visited in Palestine and others I heard about, were mainly *supply-constrained* rather than demand-constrained, and supply-constrained partly because they were so close in factory layout, equipment, storage, waste disposal and general work conditions to Dickensian London (Wade 2014).

However, when the conference participants talked about the need for support services to firms in developing countries to help them enter export markets (perhaps financed by aid for trade), they were thinking of trade-promotion services, not industrial extension services. They did not see the links between exporting, enhanced production capabilities, and import replacement (Wade 1990). I pointed out that all the fine talk of 'more aid for trade' ignored the question: how much more aid for trade, and why that figure rather than another? And if 'aid for trade' should be put into the SDGs with a target of \$3 bn a year from rich-country governments to developing country governments, what happens if they agree to give only \$1.5 bn a year? Do we still expect the developing country governments to do the same as we expect on the basis of \$3 bn a year? No one raised such obvious questions.

I said that protection, like any powerful instrument, can be used well, or badly. It has often been used badly, particularly when given in a way which eliminates competitive pressure on protected firms. But it has also been used well, so that it buffers some firms from international competitive pressures without removing them completely (Wade 2013b).

Future discussions of trade policy should be less tied to the presumption that trade facilitation is the queen of development policy priorities, and more concerned with the question of how governments can use protection well – as distinct from, 'always less' – as a *complement* to

export promotion policies, like 'the two wings of the same bird'.

My larger point was that the conference was following conventional neoclassical trade theory in making no distinction between static comparative advantage and dynamic comparative advantage, or static efficiency and dynamic efficiency. We were accepting that the key development question is: 'how to achieve the most productive use of today's resources?', rather than, 'How to achieve faster growth of productivity of tomorrow's resources?' The latter implies that the state should take actions which *limit trade* in targeted sectors today in the interests of boosting the growth of those sectors tomorrow -- such as by using trade protection to force domestic consumers to buy more expensive domestically produced goods for a time, so as to build up demand for new industries thought important for the economy's future growth and allow those industries to surf down cost curves through 'learning by doing'. But neoclassical economics has always sought to minimize the use of state power beyond what is necessary to keep markets competitive.

The hidden power implication of the neoclassical prescription for free trade is seen from David Ricardo's famous example of Portugal and England and wine and textiles. Ricardo 'proved' that England should specialize in textiles, Portugal in wine, and then they should trade textiles and wine to meet domestic consumption. Both populations can consume more of both commodities than if they met domestic consumption by being self-sufficient in both. But if a given market value of textiles requires 4 skilled workers and 6 unskilled, and the same market value of wine requires 1 skilled worker and 9 unskilled, and if textiles has dense linkages with other industries (eg machinery) and wine does not, then it is wise, from Portugal's point of view, that it 'does what it takes' to retain some capacity in textiles, rather than allow England to get all of the skill-intensive, technologically dynamic activity. Following Ricardo's prescription for free trade keeps England as the hegemon, Portugal as

its appendage. Ricardo was an English financier and member of parliament, and his family owned assets in the Portuguese wine trade.

### **Investor-State Relations**

Finally, I pointed out that investor-state (more accurately, investor *versus* state) arbitration clauses built into free trade agreements (FTAs) and bilateral investment treaties (BITs) are likely to be having the effect of distorting development priorities. Investor-state arbitration clauses enable foreign companies to sue governments directly – before secret, extrajudicial tribunals – for cash compensation over earnings lost because of national social, health or environmental legislation, and even for loss of 'expected *future* profits'. Even just by threatening to sue (backed by expensive legal teams), corporations like Philip Morris can make a government hesitant to pass measures to restrain cigarette smoking, notwithstanding that smoking causes more premature deaths than AIDS, malaria and tuberculosis combined, according to the World Health Organisation (Tavernise 2013). Mining company threats to sue may make a government hesitant to restrict mining in a national park. More than just distorting development priorities, investor-state arbitration tends to undermine national sovereignty and the accountability of governments to citizens, in deference to the profit-seeking preferences of multinational corporations. The rights of corporations receive heavy protection; for example, they include the right to compensation for 'indirect expropriation', meaning that the government can be sued for a regulatory policy which diminishes the value of an investment even if the regulation applies equally to foreign and domestic firms (Wallach 2013). Investor-state dispute settlement clauses tilt power firmly to western investors.

In the WTO framework, by contrast, a corporation can sue a government for damages only via getting its own government to act on its behalf, not directly. Both the TTP and the TTIP trade and investment deals make a big point of investor-versus-state arbitration. These so-called 'mega-regionals' are being used by western states to establish the trade and investment rules – bypassing the whole *multilateral* WTO process – by which the rest of the world will be allowed access to their markets, for decades ahead; rules which are designed to favour their own corporations in competition with those from elsewhere (especially from China), and thereby to protect the western states' economic, political and security dominance. The future of the world order – the structure of world power -- is at stake in these apparently circumscribed, technical deals.

The chair thanked me for my 'very useful intervention', and the conversation resumed as though I had not spoken. Nothing more was said about these issues. 'Trade facilitation' meant 'free trade' for all, period.

### **Free Trade Policy**

The conference stuck to the core mainstream narrative: free international trade (with high trade facilitation) will cause economies to specialise production in line with their *comparative* advantage (in those activities where production has the lowest opportunity cost, is the least inefficient, out of all those activities which the economy could potentially produce); and countries specialising in comparative advantage and trading freely will maximise their gains from trade, where gains are defined entirely in terms of *consumption*. From this 'positive' analytical narrative (called a 'theory') follows the 'normative' conclusion that free trade policy should be prescribed.

Participants acknowledged there was then an issue of the distribution of the gains from trade

within each economy; but said this was for the government to sort out, not for economists. Participants barely mentioned the well-known criticism of the argument, that it depends on a whole raft of very restrictive assumptions: such as costless resource mobility between uses within each country and resource immobility between countries; full employment before and after trade; no increasing returns to scale; market prices reflect social costs; and so on.

Nobody questioned the assumption that free trade will lead to specialisation in line with *comparative* advantage ( every economy by definition has something in which it has comparative advantage). But as my point about China knocking out manufacturing capacity in many middle-income countries suggests, this hallowed argument ignores that a substantial part of international trade is now driven by *absolute* advantage, with China having an absolute advantage in many sectors. If free trade policy leads to specialisation in line with absolute rather than comparative advantage, the welfare effects will be quite different from the predictions of standard theory. Employment in industries subject to competition from absolute-advantaged imports produced in other countries will plummet and not regained elsewhere in the economy.

Of course, the mainstream theory says that prices – exchange rates – will adjust to ensure that trade remains roughly balanced; so that as China's exports knock out capacity in some sectors of country X (e.g., India, Palestine, Brazil, and U.S.), the exchange rate adjustment will price some of country X's production back into competitiveness against imports and/or into competitiveness against domestic production of rival products in third markets; so that over the longer run, sizeable trade imbalances will not persist.

Given the larger neoclassical mindset of the conference I was relieved to hear the chairman mention in passing – but only in passing -- that trade imbalances in the real world were often persisting and not cured by automatic adjustment in exchange rates. Indeed, this is a theme



that UNCTAD has stressed for years: the desirability of international agreement based on a formula for adjusting exchange rates with inflation or productivity differentials. This, of course implies much more *management* of exchange rates. Exchange rates tend to be driven less by trade flows than by essentially speculative capital flows, which can drive exchange rates in the *wrong* direction, making trade imbalances larger. No wonder, when the disproportions between trade flows and financial flows are so large. In 1997, just before the start of the east Asian/ Latin American/Russian economic crash, the value of financial transactions was about 15 times the world's annual gross product. In 2012, notwithstanding the hard times since 2008, it was almost 70 times (Wade 2012).

### **Narrow minds help protect power in the hands of western states**

The experience of the conference reminded me of three things. First, many international trade economists engage hardly at all with the above issues, bracketing them into some other domain for others to work on. Second, many international trade economists do not engage at all with issues of 'sustainability.' Sustainability remained buried beneath an ocean of silence throughout this conference about trade in the post-2015 SDGs.

Third, UNCTAD is not a cohesive entity. The Division on Globalisation and Development Strategies, which is responsible for producing the annual *Trade and Development Report* (often wrongly taken to be 'UNCTAD thinking'), is the one part of UNCTAD still thinking and writing in the spirit of UNCTAD as a think tank for developing countries where 'big picture' issues about the functioning of the global economic and financial systems are analysed and prescribed for, where 'power' is a central concept. The narrative of other divisions is closer to that of the western-centric WTO, World Bank and OECD, without power or exploitation or nationalism.

This bifurcation within the organisation is no accident. Western states have tried for years to restrict UNCTAD from analysing and prescribing for the global economy and financial system, wanting this left to the 'competent' international organisations like the International Monetary Fund, World Bank and OECD (controlled by western states). UNCTAD should limit itself to monitoring the trends out there in developing countries and giving advice to them on how to more fully integrate their economies into the (western-governed) world economy. The western states have had impressive success in bringing most of UNCTAD into line. The key is appointments to powerful positions. For some years after 2013 UNCTAD was headed by a man well known to be campaigning for a top position in his native country, who used UNCTAD as his launch pad and travel agency; while his deputy was an aggressive Scandinavian advocate of neoliberal ideology determined to get UNCTAD into line with 'proper scientific economics', meaning neoliberal economics. That was an effective combination of talents to neuter the organization as a think tank for developing countries (Wade 2013a). All this leaves open the interesting question of how the Division on Globalisation and Development Strategies has managed to escape, and write TDRs in the original spirit of UNCTAD despite constant western hostility.

### **No Rethinking**

The post 2008 global slump, far from provoking major rethinking of core free market narratives (as happened in the hard times after the 1929 crash, when New Deal/welfare state/social democracy narratives became dominant), reinforced their influence in western economies and international economic organisations. The Washington Consensus of the 1990s and 2000s was by 2013 boosted by a close cousin, the Brussels-Berlin Consensus, which gives even less importance than the Washington Consensus to national sovereignty and more importance to expanding the geographic and sectoral scope for corporate profit-

making and cutting back the role of government ( 'austerity is the only cure for the eurozone', said German Chancellor Wolfgang Schauble in 2011). In this vision, the role of democracy is to diffuse popular resentment at the resulting concentration of income and wealth at the top (the top 1 % of Americans hold 51 % of stock market wealth in the US), while the role of the state is to enforce international agreements that allow capital and labour to be bought and sold freely around the world; with a firewall between democracy and the state. UNCTAD has to be kept on the margins and/or taken over by senior people who subscribe to the western narrative, believing it to be best for the world, quite contrary to the original spirit of UNCTAD.

What I owe most to Freddy Bailey and anthropology at Sussex was the spirit of immersion, soaking and poking, paying attention to who interacts with whom and what people say – and don't say -- in everyday conversation, as a way to understand the sense they make of their world, their norms and the structures of power and identity in which they operate; always looking behind the 'face' for their 'reality', always looking for the 'underwear politics'. I employed the Bailey toolkit in sites as far from traditional anthropology as the Taiwanese state, the World Bank's Trade Policy Division, and UNCTAD conferences on international trade.

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