

How to halve poverty by 2015 in developing countries

The Macroeconomics of Development and Poverty Reduction Strategies Beyond the Washington Consensus

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To reach the "Millennium Development Goal" of halving poverty by 2015 in developing countries requires first and foremost higher economic growth. This can hardly succeed when policies continue to adhere to the traditional neo-liberal strategies of the "Washington Consensus". In this study, different growth and stagnation "regimes" are explored. To enter a growth path, more emphasis has to be put on prudent macroeconomic policies striving for sound money, less external debt, balance of payment equilibrium, containment of dollarisation, more stable exchange rates and on deepening the domestic financial sector. Fostering capital accumulation is more important than perfecting the competitive allocation of resources through pervasive liberalisation.

The economic performance of most East and South Asian countries which did not follow the strategy of the "Washington Consensus" contrasts sharply with a stagnation trend in Africa and Latin America in the last decades. Country case studies on China, Vietnam, Belarus and Uganda are presented. The analysis follows a modern Keynesian line of thought.

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