***CONCENSO DE WASHINGTON***

**In 1989, John Williamson outlined a set of desirable economic reforms targeted at developing countries that he deemed broadly supported by policymakers in Washington**.

Dubbed the “Washington Consensus”, it addressed economic policy instruments perceived by those in Washington to be important to both the growth of developing countries and their ability to secure financial support and investment. The ten topics addressed were as follows:

***1 Fiscal Discipline***: Large and sustained fiscal deficits contribute to inflation and capital flight. Therefore, governments should keep them to a minimum.

***2 Public Expenditure Priorities***: Subsidies need to be reduced or eliminated. Government spending should be redirected toward education, health, and infrastructure development.

***3 Tax Reform***: The tax base “should be broad” and marginal tax rates “should be moderate.”

***4 Interest Rates***: Domestic financial markets should determine a country’s interest rates. Positive real interest rates discourage capital flight and increase savings.

***5 Exchange Rates***: Developing countries must adopt a “competitive” exchange rate that will bolster exports by making them cheaper abroad.

***6 Trade Liberalization***: Tariffs should be minimized and should never be applied toward intermediate goods needed to produce exports.

***7 Foreign Direct Investment***: Foreign investment can bring needed capital and skills and, therefore, should be encouraged.

***8 Privatization***: Private industry operates more efficiently because managers either have a “direct personal stake in the profits of an enterprise or are accountable to those who do.” State-owned enterprises ought to be privatized.

***9 Deregulation***: Excessive government regulation can promote corruption and discriminate against smaller enterprises that have minimal access to the higher reaches of the bureaucracy. Governments have to deregulate the economy.

***10 Property Rights***: Property rights must be enforced. Weak laws and poor judicial systems reduce incentives to save and accumulate wealth.

***Los tres principales objetivos presentados en el CONCENSO DE WASHINGTON son: lograr disciplina macroeconómica, el desarrollo y promoción de una economía de mercado y una apertura general de todo el mundo.***