

Infographic: The Washington Consensus

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An infographic on the so-called Washington Consensus is a natural companion to those recently published on [neoliberalism](#) and [monetarism](#), so here it is:

The Washington Consensus

1 What was the Washington Consensus?

- The Washington Consensus was a package of right-wing neoliberal economic policies.
- It was developed in Washington during the 1980s.
- The International Monetary Fund and World Bank imposed it on countries seeking loans.
- Most of those countries were in the Global South.



2 Why did countries accept it?

- Many developing countries were facing crises.
- Many needed financial support.
- Loans were only available if governments accepted the Washington Consensus.
- These countries had little real freedom to refuse.



3 What did it require?

- Cuts in government spending.
- Privatisation of public industries.
- Reduction in trade and other regulation.
- Removal of trade barriers.
- Allowing foreign investment.
- Protection for foreign property rights.
- Reduction in the role of government in the economy.



4 Why did the loans become a trap?

- Loans were made in US dollars.
- Dollar debts had to be repaid in dollars.
- Countries therefore had to earn dollars by exporting more.
- They often exported raw materials instead of making finished products.
- That made industrial development much harder.



5 Who gained?

- Foreign companies that gained access to cheap resources.
- Overseas investors who bought valuable public assets in developing countries.
- Tax havens as wealth left developing countries.
- Almost anyone but the people of the countries these loans were meant to help.



6 A new kind of colonialism

- Political empires had largely disappeared by the 1980s.
- This new economic control replaced former political control.
- Debt became the means of influence.
- Financial conditions replaced military force.
- This was post-colonial economic colonialism.



7 Did it work?

- Many loaned funds were looted by corrupt politicians.
- Some economies did become more open.
- But inequality often increased.
- Public services were usually weakened.
- Many countries remained indebted, with nothing to show for it.
- The promised development often failed to arrive.



8 The Funding the Future alternative

- Countries should be free to choose policies that suit their own people.
- The role of government in society should be respected.
- Investment should create value inside the country.
- Debts must be repayable in local currencies.
- Governments should support development, not international markets.
- Finance should serve society and not control it.



Conclusion The Washington Consensus claimed to promote development. It too often created dependency of countries after the age of formal empire had ended.

funding the future

Funding the Future
<https://www.taxresearch.org.uk/Blog/>

Richard Murphy's Funding the Future blog on political economy.

Burnham's newly planned loans for environmental change feel horribly like Washington Consensus-inspired policy to me.

How to expand this image

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The image library

We are planning a library of these images. It will be available soon.