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Introduction to the Symposium on Free Market Fundamentalism

Ha-Joon Chang

The idea that our economic life can be organised purely through markets is contentious enough. However, over the last two and half decades, the idea that all aspects of human life, and not just economic life, can and *should be* organised through the market (or at least market-like relationships)—or market fundamentalism—has been the reigning orthodoxy throughout the world.

In this ‘market fundamentalist’ perspective, all human goals are more or less reduced to material enrichment and all human behaviour reduced to ‘rational’ pursuit of such goals. Other aspects of human motivation and behaviour are either simply ignored or, worse, re-interpreted as a distorted form of rational maximisation of material self-interest.

Given its nature, the influence of market fundamentalism has been the greatest in the domain of economic policy. Its proponents have successfully pushed for privatisation of state and communal properties, deregulation of domestic markets (not just product markets, but also capital and labour markets), liberalisation of foreign trade and investment, and conservative macroeconomic policy that prioritises inflation control over growth and job creation. These policies have been most thoroughly implemented in developing countries, mainly thanks to the financial powers of rich country governments and the international organisations that they control (the IMF, the World Bank, and the WTO), but also due to the underdevelopment of political institutions that can restrain the ruling elite set on implementing policies that hurt the majority of individuals living in developing nations.

The result has been disastrous for most developing countries. It is well known that market fundamentalist policies have increased inequality,

poverty, injustice, violence, and many other things that we would have expected from a doctrine that puts material wealth over everything else. What is less well known is that despite the well-advertised (and widely-accepted, even among its critics) claim that market fundamentalism promotes wealth creation, market fundamentalism has failed to accelerate economic growth. In fact, economic growth has slowed down markedly, or even evaporated altogether, in most developing countries during the era of market fundamentalism. During this period, per capita income growth in the developing countries has been half that seen during the ‘bad old days’ of state intervention and protectionism in the 1960s and the 1970s.

Nowhere have market fundamentalist policies been more thoroughly implemented than in Latin America and nowhere is their failure more glaring. For example, NAFTA was once hailed as the vehicle that would carry Mexico through a new global era, but it has failed to bring noticeable growth benefits. It has, however, increased inequality and economic vulnerability. For another example, the orthodox economic programme of Argentina in the 1990s, while it lasted, was praised as the model for a new, ‘more responsible’ Latin America, but it has resulted in a most dramatic collapse of the economy, which is now doing remarkably well by pursuing heterodox policies.

The articles in this special issue provide critical reflections on the record of market fundamentalism in Latin America. The issue covers a diverse range of topics, from economic (hemispheric free trade agreements, Argentina’s financial crisis, deregulation in Brazil, competition with China), political (Constitutional Court in Colombia), environmental (global warming), to social (violence against women). The articles provide new and critical perspectives and interesting analyses that highlight the ideological, political, and economic problems of market fundamentalism. I would like to thank the organisers of the Bogotá conference and the editors of the special issue for bringing together this exciting set of articles, which will energise the debate on market fundamentalism in Latin America and beyond.