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Book Review

Gutiérrez, Francisco and Gerd Schönwälder. 2010. *Economic Liberalization and Political Violence: Utopia or Dystopia?* London and New York, NY. Pluto Press and International Development Research Center. viii + 341 pp. ISBN 978-0-7453-3064-8 (hb) and 978-0-7453-3063-1 (pb). Price: £19.50.

By Charles L. Vehorn (31 July 2011)

Do liberalization policies in developing countries cause political violence, or is it the other way around, or is there no causal relationship between the two? Gutiérrez and Schönwälder edit a well-researched set of chapters that focus on selected countries in Africa and Latin America. A broader quantitative chapter, covering 90 countries over the 1970–2005 period, is also included.

The seven chapters of the book are mainly a series of case studies of seven countries—three in Africa (Uganda, Cote d’Ivoire, and Sudan) and four in Latin America (Colombia, Peru, El Salvador, and Guatemala)—which reveal that causation between liberalization and political violence runs both ways. Sometimes, as in the case of Colombia discussed below, it even appears that there is no causation, but a deeper analysis reveals an underlying causation. In Peru, for example, Teves explains how the 1992 defeat of the Sendero Luminoso guerrilla movement paved the way for the adoption of neoliberal policies by the Fujimori government. Similarly in El Salvador and Guatemala, Penaranda and Baron show that the winding down of conflict coincided with the strengthening of neoliberal policies that provided wider participation in government by previously marginalized groups. In Uganda, Golooba-Mutebi presents a very readable description of the country’s peaks and valleys into and out of war, concluding that liberalization helped to produce a political climate that was more inclusive and consensus driven. Marchal and Ahmed describe how the government in Sudan used liberalization rhetoric (along with its security forces) to enhance its control over the economy to create a “more partisan and monopolistic” situation than ever before.

However, causation runs the other way in Cote d’Ivoire, as illustrated by Banegas, Toh, and KoumanAdingra. The attempts at liberalization produced winners and losers (true Ivoirians and immigrants), upturning social norms that eventually lead to armed conflict. Various militias formed, which provided both protection and extortion, fragmenting the country further. The chapter provides the reader with a deep appreciation of the daunting challenge to unite this country that confronts the new president, Alassane Ouattara. In Colombia, causation is not so obvious. It takes a deeper analysis by Gutierrez Sanin to uncover the unintended effects of liberalization. Criminal elements and militias took advantage of how the policies were implemented in ways that were not foreseen by policymakers. This theme of weak (sometimes failed) implementation is echoed in several of the chapters.

Only one chapter takes a quantitative approach. All of the other chapters provide an engaging political history of events, but only a few have any data (tables or charts) to support their description and analysis. Several chapters describe the role of international institutions—the World Bank and the International Monetary Fund (IMF)—some in a critical fashion and some in a supportive fashion. But the IMF has come a long way since it fostered the Washington Consensus, a set of liberalization policies. Even Stiglitz (2011), an outspoken critic, noted that the IMF has recently distanced itself from the Washington Consensus by recognizing that “free and unfettered markets are neither efficient nor stable.”

This book presents an historical perspective that captures the interplay between economics and politics. It would be extremely useful in an interdisciplinary course on development because it shows the many dimensions—economic, political, social, ethnic—that make each country unique. A successful policy in one country may fail in another simply because the underlying conditions in each country differ significantly.

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Reference

Stiglitz, J.E. 2011. “The IMF’s Switch in Time.” *The Economists’ Voice*. Vol. 8, Issue 2, Article 3.