

# Why Do Western Neo-liberal Economic Policies Continue to Sideline People-centred Approach to Development?

Book review of “The Bad Samaritans” by Ha-Joon Chang and “Jeffrey Sachs: The Strange Case of Dr. Shock and Mr. Aid” by Japhy Wilson

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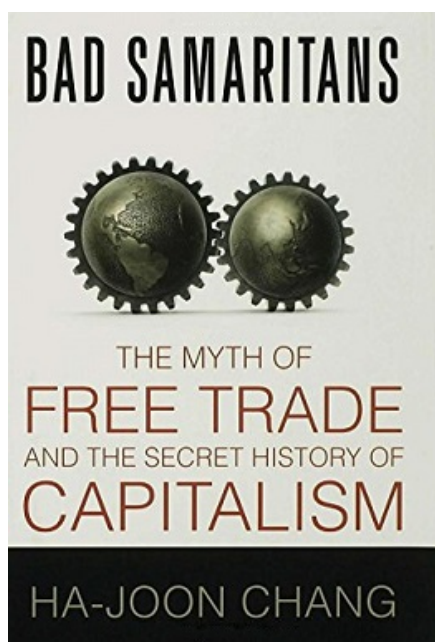
*Neo-liberalism continues to be a dominant political and economic ideology in international development because it is supported by global institutions, finance and influential ideologues. Nation-states are therefore assimilated into standardized policies through coercion or voluntary submission. Hence, the academic contributions of Ha-Joon Chang (2008) and Japhy Wilson (2014) present critical perspectives on the gruesome effects of neo-liberal policy implementation in developing countries of the Global South and ex-communist states.*

In ‘The Bad Samaritans’, Ha Joon Chang (2008) argues that the most fierce proponents of the free market paradigm are developed countries that utilized state protectionist policies in order to harness the potential of their incubator industries. He explains that free trade does not necessarily bring gain for all countries because developed countries dominate the world trade system through rules and institutions while poor countries lack resources and

technology to protect their incubator industries from foreign competition.

On the other hand, Japhy Wilson (2014) in '*Jeffrey Sachs: The Strange Case of Dr. Shock and Mr. Aid*' examines the transformation of Jeffrey Sachs from an aggressive promoter of austerity measures to a charismatic advocate for international aid and philanthropy to alleviate poverty in the developing world. Wilson exposes the paradoxical nature of international development where Sachs promises resounding socio-economic success for states that implement neo-liberal policies but these policies have increased unrest, misery displacement and decline.

Neo-liberalism assumes that all countries can achieve economic growth and global prosperity through the implementation of standardized policies. However, the advocates of neo-liberal policies fail to acknowledge that countries possess different historical, political, social and economic experiences and this diversity, determine their level of influence and power in the global political economy. Hence, Chang utilizes historical analysis to challenge the neo-liberal orthodoxy because not only does it ignore the importance of a historical interpretation of socio-political and economic inequalities among states but rather, it manipulates the historical narrative to coincide with the interests of industrialized countries and institutions. This manipulation of history leads to misrepresentation and exclusion of the narratives that best define the experiences of poor countries. As a result, the actors that support the façade of neo-liberalism are referred to as 'Bad Samaritans'.



The title is a blatant critique of the social hypocrisy that exists within the sphere of international development whereby industrialized countries such as Britain and the United States of America do not necessarily practice the 'theoretical prescriptions' they provide for poor countries. This is most evident where Chang (2008) posits, "while they were imposing free trade on weaker nations through colonialism and unequal treaties, rich countries maintained higher tariffs" (p.8). Chang's proposition shows that the history of international development sets the stage for the continuity of persistent underdevelopment of poor countries and that unfair advantage in free trade is not a coincidental position but rather a systemically organized process. Thus, developed countries policy practice is extremely different from their ideological impositions on poor countries. Developed countries like the United States of America and Britain fomented economic development through robust, state protectionist policies and subsidies.

Similar to Chang, Wilson (2014) uses historical events, but within a psycho-analytic framework, to illustrate the emergence and maturation of neoliberalism as an economic ideology and political tool. The economist, Jeffrey Sachs is both the protagonist and antagonist because he is playing an instrumental role in dictating standardized policies for all countries to conform to but these policies are antithetical to the development of the countries in which they have been implemented. Wilson challenges the free trade paradigm by demonstrating that the concept of free trade was not constructed around the values of fairness and social justice for all countries but the concept is about 'adjusting and modernizing rapidly' based on Western standards in the context of capitalist globalization. Nevertheless, the adjustment of countries to standardized prescriptions failed because the neo-liberal model applies a one-size fits all approach. Hence, Wilson argues, "the social consequences of the shock therapy in Russia where immediate and extreme where the sense of community and welfare services were lost, there was rapidly rising unemployment and real incomes were cut by forty-six per cent, effectively destroying the savings of ordinary Russians" (p.32). Wilson's assertion validates the fact that development is not synonymous with economic indicators but there are other essential components such as the well-being and empowerment of citizens within the states.

While the freedom of markets is being strongly pursued, the freedom of citizens within states is at a greater risk. This encourages one to critically ask, does development embody the triumph and freedom of markets at the expense of state failure and the misery of humanity? Both authors were able to effectively capture the missing component from neo-liberal policies, which is a people-centred approach to development. Humans are equally important as markets and profits within states.

The notion of uneven development is further exacerbated through free trade because it does not necessarily produce mutual benefits for all countries. Free trade is also flawed because it ignores the role of power of states and their access to markets, technology, capital, the creation and management of regimes to fulfill national interests.

Chang opines that the losses of the losers are usually greater than the gains of the winners in international trade because developing countries are no longer able to protect their incubator industries through tariffs and subsidies due to foreign competition. This has severe economic and social ramifications for developing states and their citizens because there are weak or absent social welfare services available for those who have not benefitted from trade.

Chang points out, "the welfare state is very weak and sometimes virtually non-existent. As a result, the victims of trade adjustment do not get partially compensated for their sacrifices that they have made for the rest of society" (p.57). Wilson made similar propositions about the flaws of Sachs' economic advice on free trade implementation in countries but he used a practical country example to bolster the argument by zooming into the case of Bolivia. He states, "following trade liberalization and the abolition of subsidies, Bolivia's peasant farmers were unable to compete with cheap food imports and agricultural production fell by 17% between 1985 and 1988" (p.20).

Although both authors examined the negative effects of free trade by giving, an example and explanation but they have failed to make deft connections between the loss of livelihoods and free trade, particularly Wilson. Wilson simply listed the numerous, disastrous effects without illustrating the complex inter-play between 'high politics issues' such as

trade and 'low politics issues' such as the livelihoods of people, traditional sectors and the reason there is rapid urbanization, destruction of traditional sectors and the expansion of the informal economy. Chang gave a very clear explanation but he treated developing countries as a homogenous category without using specific case examples to solidify his critique of the free trade paradigm.

Despite these gaps in the authors' arguments, it is reinforced that neo-liberalism betrays its objective of mutuality by offering the triumph of 'monoculture' in international development where the superior-inferior tug-o-war between developed and developing states continues. This lack of mutuality in international development is reinforced by the viewpoint of radical feminist scholar, Maria Mies (2014) who postulates, "the law of progress is always a contradictory one because progress for some means retrogression for others. Humanization for some means de-humanization for others and development of productive forces means underdevelopment and retrogression of others" (p.55).



Moreover, the proponents of neo-liberalism place high emphasis on the profits of markets rather than the lived experiences of people. As a result, the implementation of neo-liberal policies employs a top-down strategy instead of a participatory approach to development. A top-down strategy is associated with the implementation of neo-liberal policies because it helps to maintain the power of global capitalist organizations and influential individuals and it also assumes that only "academics" or "economists" are experts in alleviating development challenges. Wilson potently captures the myriad limitations of using a top-down strategy to alleviate poverty in the developing world. He shatters the utopian images of Jeffrey Sachs bringing an 'end to poverty' in the village of Ruhira in Uganda through the establishment of the Millennium Villages project. Using in-depth interviews with villagers, Wilson and his research team discovered that the most vulnerable community members were not benefitting the resources that the project is expected to provide because it ignored the socio-cultural, historical and political realities.

Consequently, the social class divisions and gaps between wealth and income distribution have been intensified. The most profound statement made by Wilson was, "but many of the poorest people I interviewed were not even aware that the project was due to end in 2015" (p.99).

This statement is extremely significant because it demonstrates that community people are treated as mere beneficiaries of a development project rather than instrumental stakeholders through inclusive participation. It also reveals that there is a hierarchical system of knowledge production where Western knowledge and expertise is seen as 'superior and modern' while the knowledge of community people is stereotypically viewed as 'traditional and uncivilized'. It is these stereotypical notions and misrepresentations of the developing world and its people that underpin the top-down strategy of neo-liberal implementation. It can also be argued that the idea between the strategies is not new but rather, it is an extension of the modernization theory. The perspective has been discussed by scholars, Peet and Hartwick (2015) who explain, "Modernization theory, like conventional economics, has a class commitment to the rich elites-and that is why it merges so easily with neo-liberalism" (p.136). Thus, Wilson's evaluation of Jeffrey Sachs' project is quite accurate because the concept for the project is inspired by the five stages of the modernization theory.

Although Wilson's strength was evaluating the impact of the Millennium Villages project on the lives and livelihoods of villagers, he still failed to delve deeper on important issues like the politics of land ownership and how it determines power and wealth in Ruhira, Uganda. He quickly outlined the summary of his numerous findings, observed the issues through a social class lens and exerted a lot of his intellectual energies to prove that Sachs' project is a massive failure. A social class lens is the ideal conceptual framework to use, when analyzing a complex issue such as the politics of land ownership. An intersectional approach would have made his discussion more academically rigorous and intriguing to his audience. For example, his observation that "the commercial farmer was the chairman of his local 'Millennium' agricultural group but the landless woman was not a member of the Millennium group and was never invited to any meetings (p.98)." The issue within this specific context is not exclusion based on social class only. It is exclusion based on social class, race and gender and these factors inextricably linked with the long political history of violence, exploitation and land dispossession in Uganda.

Like Wilson, Chang expresses disgust with the inherent biases and top-down strategy employed by organizations that strongly support the administration of neo-liberal policies. While Wilson is heavily reliant on dramatic spectacle, metaphors and sarcasm, Chang is reliant on the use of irony, questions and creative stories to challenge the dominant, top-down approach strategy. This is seen where he points out, "How on earth can the IMF and the World Bank persist for so long in pursuing the wrong policies that produce such poor countries?... on the other hand, there has been some window dressing moves, the IMF now calls structural adjustment programs the poverty and growth facility programme in order to show how much it cares about poverty but the contents of the programme have hardly changed than before" (p.18).

The main subject matters of both authors are that, despite the re-naming and reformation of institutions and prominent personalities in the development community, the ideology behind confronting with these issues remains the same. Therefore, international development is infiltrated with deception and betrayal of the interests of those who are most affected by social and economic crises. Chang's astute criticisms are very commendable; given that he provides clear and balanced analysis of the issues using history and statistical evidence to validate growth records and the impact of neo-liberal policies on development. Nevertheless, his weaknesses lie in the fact that he limited his conceptualization of 'Bad Samaritans' to industrialized nations, ideologues and institutions that impose detrimental policies on developing countries while contradicting these proposed prescriptions.. 'Bad Samaritans' can also be interpreted as individuals who betrayed the interests of the oppressed by taking sides with those who justify gross inequalities, poverty and exploitation in developing countries and ex-communist states.

Jeffrey Sachs is a quintessential example of a bad Samaritan. Sachs came from a family background where the social conditions of the working class was an advocacy matter but through Westernized education, his original ideas on the centrality of people in development died and there were replaced by the view that market triumphalism is the right and only way.

Chang provided practical solutions for developing countries in which they can use the East Asian success as a model. He proposed solutions such as: protecting infant industries through subsidies and tariffs, preserving some state owned enterprises and calling for developed nations to reform the international system in a manner that trade and other opportunities can be more beneficial to developing countries. However, there are flaws

within these solutions because developed nations will never seriously alter their institutions to promote fairness because their meaning of development derives from the Darwinian concept of competition at any cost where the fittest survives and the weak is crushed. Furthermore, he used the East Asian success model but he fails to thoroughly examine the human development ramifications of high economic growth in countries such as Korea and Taiwan. Success in East Asia cannot be applied to the potential of success of countries in the African continent, other parts of Asia, Latin America and the Caribbean because they are a variety of complex, peculiar and diverse factors that underpin their development.

Wilson fiercely criticizes Sachs for his deep faith in the success of a utopian, free market society where citizens will attain their aspirations based on hard work and private ownership but Wilson is also guilty of an obsession with a state-led, socialist model of development in countries. Criticisms only, whether constructive or destructive, are not sufficient to construct an alternative vision and model of development that can successfully challenge neo-liberal model of development. Neo-liberalism triumphs because it is backed by finance, knowledge production, celebrities and institutions.

Thus, neo-liberalism will continue to be a dominant model in international development because debates on alternatives remain fragmented and on the margins of global development.

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