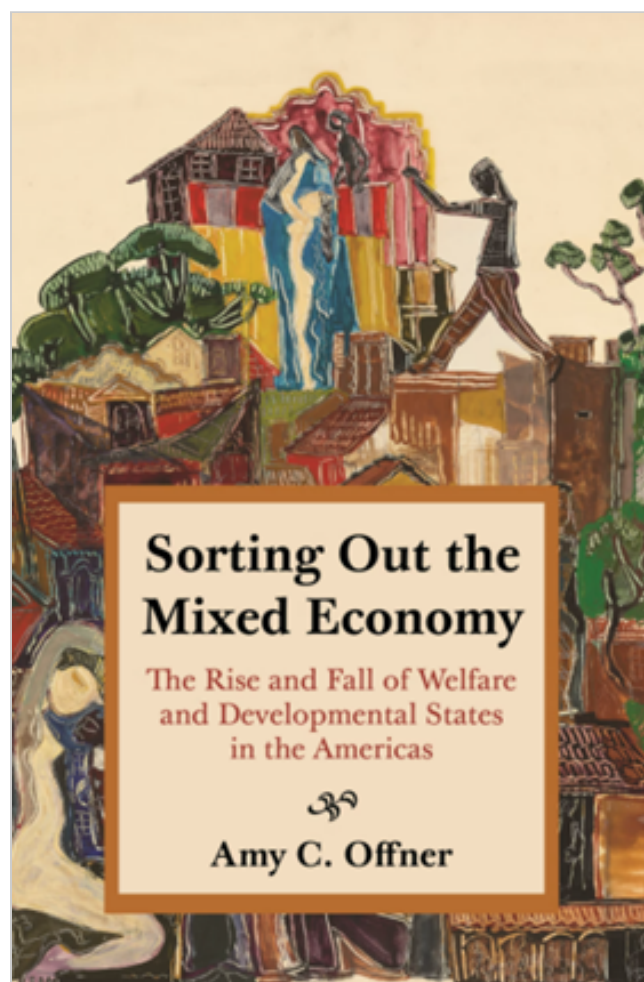


Development across borders: economics and public policy in the Americas

This is an international development book with a twist. It challenges the common view that the economies of wealthier and poorer countries are linked in a single direction, with the interests of the former always affecting the latter. Instead, using the example of the post-World War II era of nation building in the United States and Colombia, the book argues that this link can, in fact, operate in both directions. As the book's narrative progresses, readers learn of the often misguided and counterproductive economic policy efforts of economists, government advisors, and elite business leaders from both countries. Serving as a lens into the past, the book gives readers a new understanding of post-World War II state building, detailing how the successes and failures of the ideologies underpinning it have shaped our current economic programs.

The book begins by retelling the history of the postwar U.S. economic boom, which led to the creation of many New Deal programs that improved the lives of Americans and encouraged tremendous wealth building in the United States. Seeking to expand the reach of their welfare economic policies, American economists and government advisors traveled to Colombia to promote them. While these experts were confident that their North American successes would be easily replicated in South America, they soon found that their exported policies and practices



Kristen Thiel

thiel.kristen@bls.gov

Kristen Thiel is an economist in the Office of Prices and Living Conditions, U.S. Bureau of Labor Statistics.

were redefined by local business leaders and politicians. Welfare programs quickly started to display features typical of a mixed economy (as indicated in the book's title), with government agencies being treated as public–private organizations or, in some cases, private corporations. These programs combined elements of both free markets and centrally planned economic controls, landing somewhere in the middle between pure private competition and complete state ownership. After the adoption and modification of these programs in Colombia, economic experts deployed their ideas and practices back to the United States, changing domestic policy. Thus, the “sorting out” of the mixed economy refers to the modifications made to these programs in Colombia and their subsequent relaunching in America.

The book is divided into three parts, taking the reader through several case studies that demonstrate its central themes. These studies examine the creation of Colombia's Cauca Valley Corporation (CVC) and the subsequent displacement of small landholders in the name of productivity and efficiency; the promotion of aided self-help housing programs, which failed to reach the people they were designed to help; the tangled relationship between economics and management as rival disciplines; and the rise of for-profit contracting for social services in the United States.

The book's first part explores economic decentralization in Colombia, focusing on two large-scale programs: agricultural land reform and mass housing construction. These programs allowed landowners and capitalists to increase their economic power, thereby bending the economy to their own wills. With the help of Tennessee Valley Authority planners, Colombian businessmen, and U.S. funding, the CVC became Colombia's first regional development agency. CVC administrators were given sweeping powers, and, under the strong influence of businessmen, their agency was soon run as a public–private company. This development led to single-crop agriculture and the displacement of tens of thousands of local farmers.

In addition, housing projects that had once been used to stimulate economic recovery in the United States were now popularized by the Colombian government, and massive public housing projects sprang up throughout the country. Bogota's largest public housing project, Ciudad Kennedy, housed over 800,000 people. Residents were given land, materials, and expensive loans and then told to construct their own homes. By requiring residents' free labor, but limiting state subsidies, these housing projects were “public” in name only.

The book's second part explores the rise of economics and management as disciplines increasingly affecting the Colombian state. To accommodate this newfound push to economics, universities sprang up across the country. In addition, after seeing how much influence and power U.S. economists wielded over government policy, Colombian officials sought to create a corps of economists that would serve as state operatives and planners. While these

state planners saw themselves as serving the public good, their work served, and was often funded by, private corporations.

The book's third part follows the journey of Colombian businessmen, government officials, and community leaders back to the United States, focusing on President Lyndon B. Johnson's War on Poverty. Using Colombian urban housing schemes as a guide, President Johnson sought to replicate them domestically, both in rural areas and on Indian reservations. However, as was the case in Colombia, these programs never reached the people who most needed them. Moreover, for the first time, the U.S. government allowed private companies to sign contracts with the federal government for the provision of social services such as job training and education. Social welfare contracts would now compete with for-profit company contracts like those for military or public works.

Sorting Out the Mixed Economy provides a fresh take on how we look at development. The book's central message is that, to understand the history of international development, we need to understand both the kind of political economies that actors in wealthier and poorer countries try to construct and the kind of cross-border economic influences their respective projects make possible. Besides opening many avenues for social and cultural historians to pursue, the book would be of great interest to anyone passionate about the history of development, state building, and the intersection of U.S. and Latin American public policy.