



*The Spirit of **Bretton Woods** and Global Governance Reform*

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Bretton Woods moment lost?



Bretton Woods, 1944: United Nations conference on monetary + financial affairs

- 15 years after 1929 Depression
- Middle of WW2
- US initiative vs UK Treasury stance
- 44 countries (**28 developing countries**; 19 LA)
- UN system: IMF, IBRD, ITO
- Clear **emphasis on sustaining growth, job creation, post-war reconstruction, post-colonial development**, *not just monetary + financial stability*

IMF responses

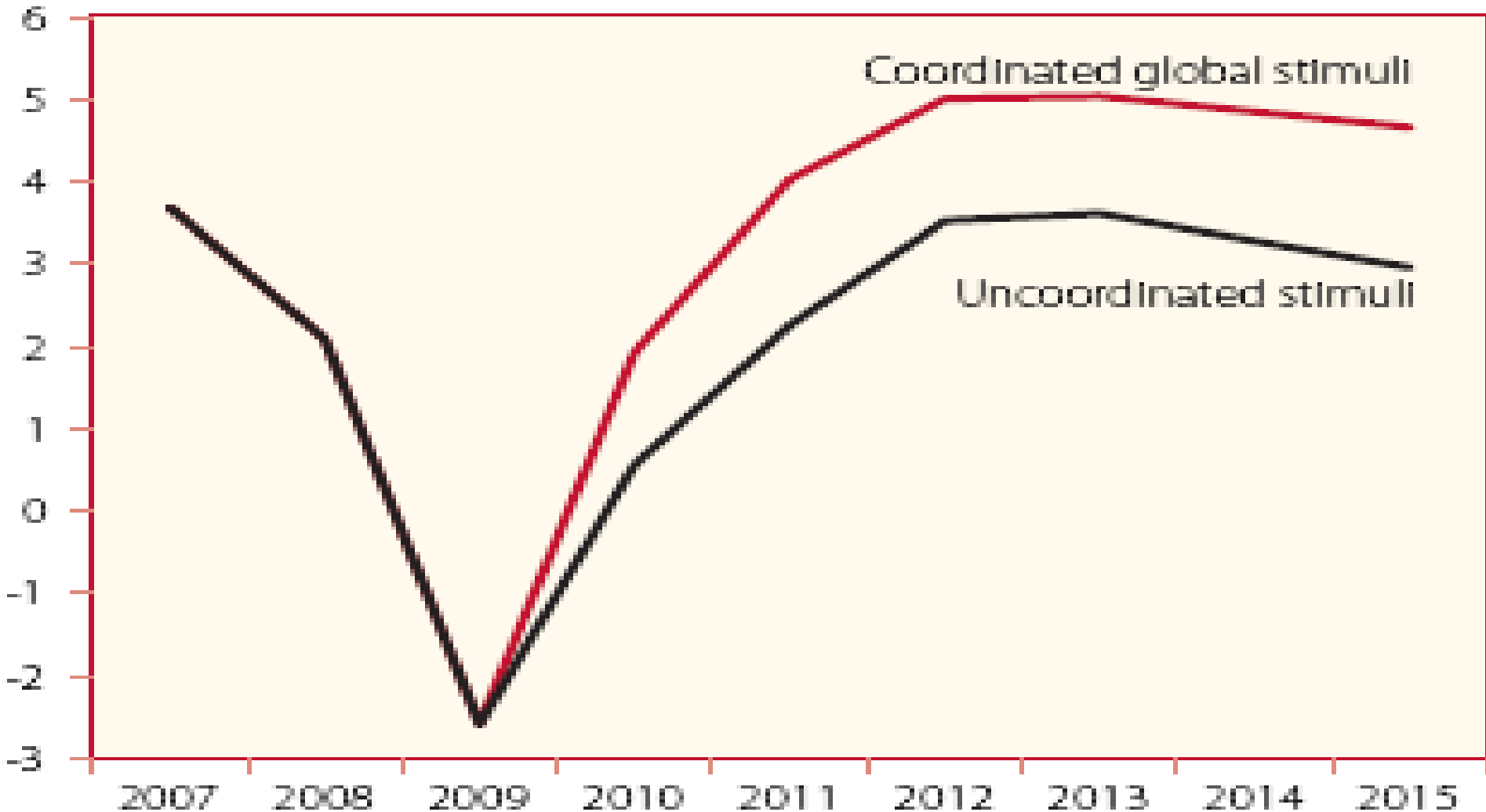


- IMF, WB upbeat till late 2008;
UN, BIS forecasts much better
- IMF discouraged stronger fiscal stimulus by developing countries without surplus
- IMF concessions, rethinking
- New IMF stress: **fiscal consolidation** despite fragile recovery, deflation

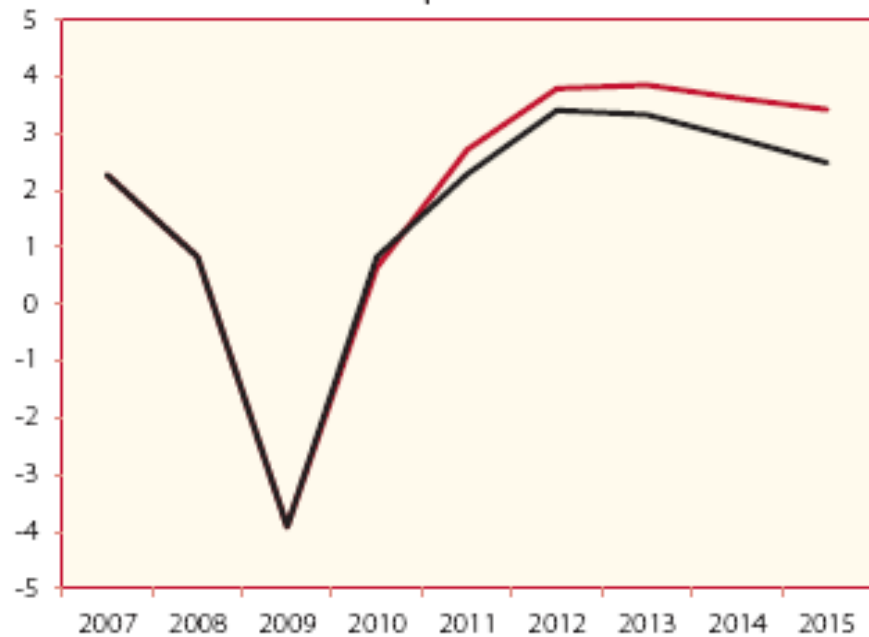
Global recovery stimuli not coordinated enough



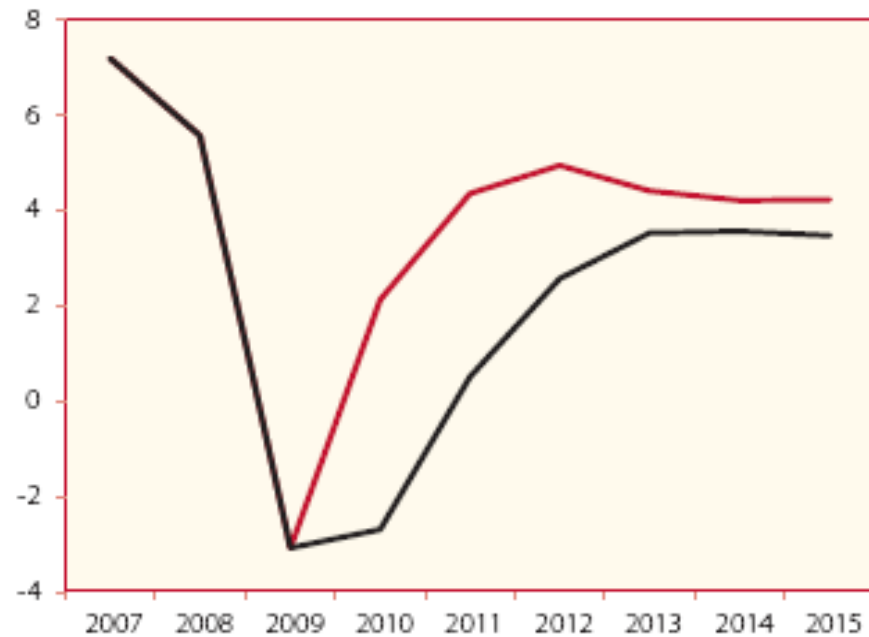
World



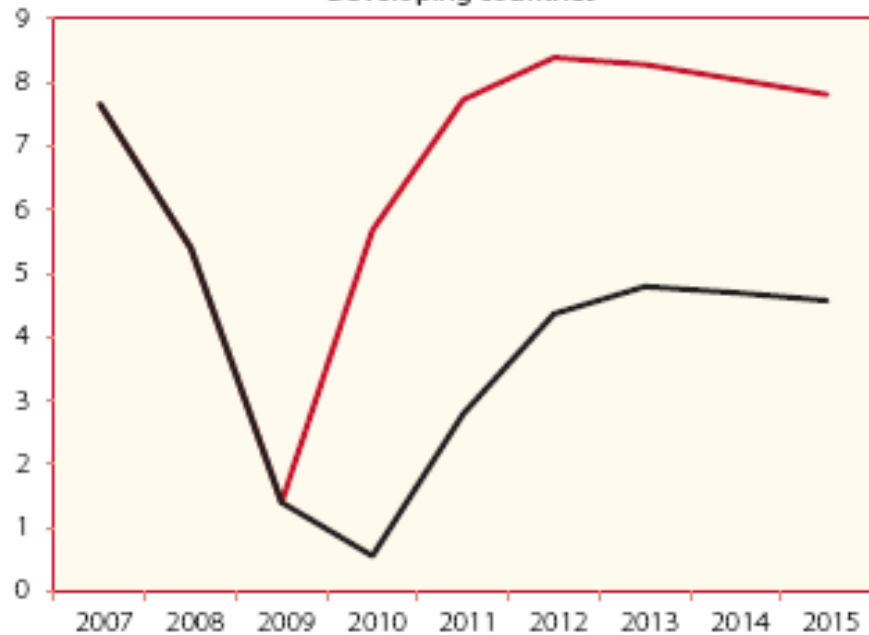
Developed countries



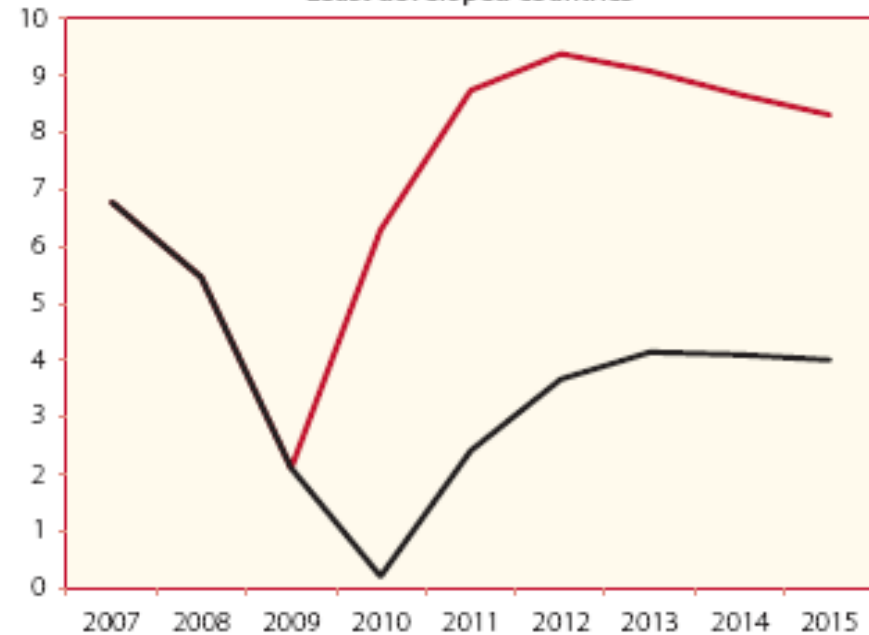
Economies in transition



Developing countries

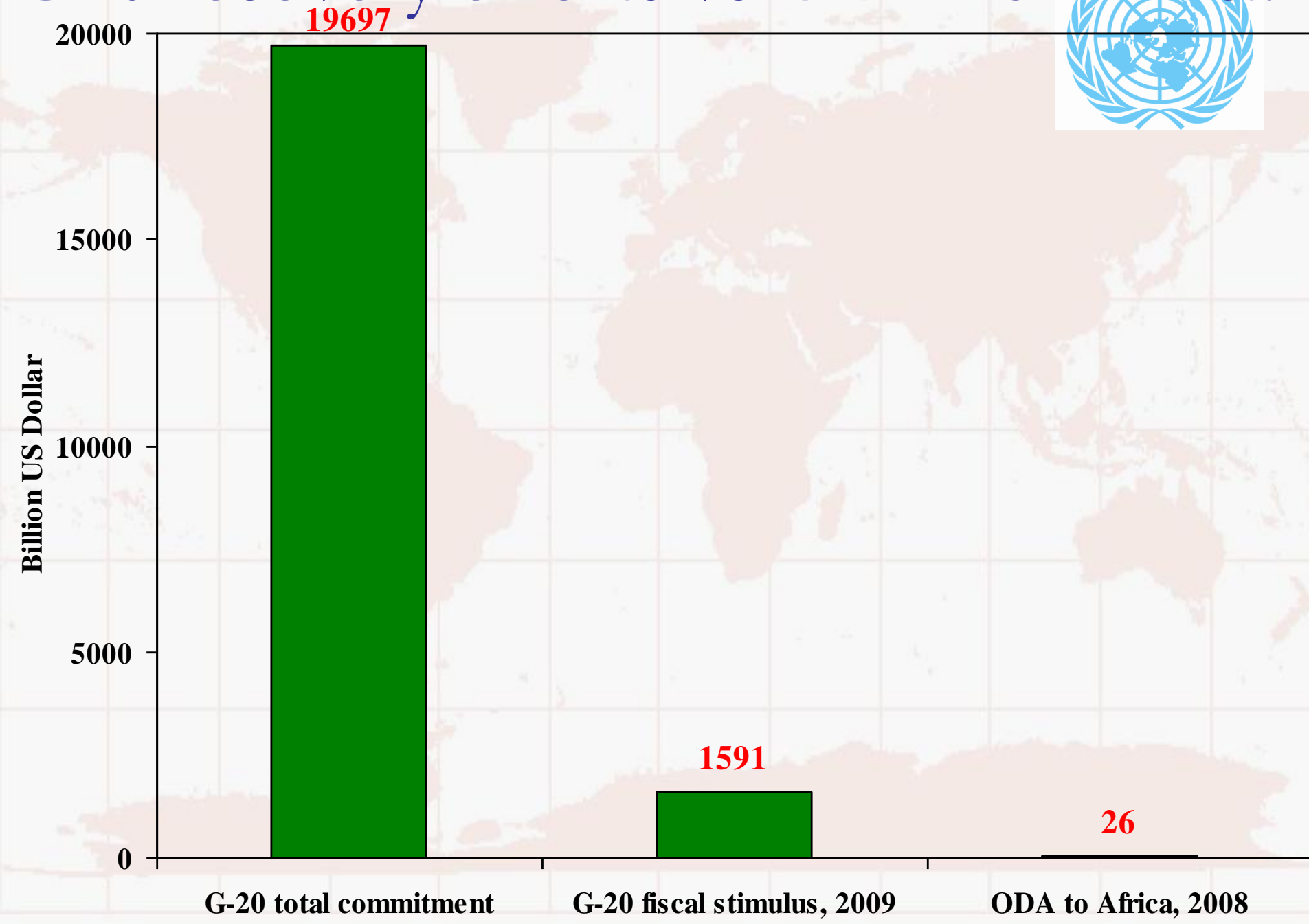


Least developed countries

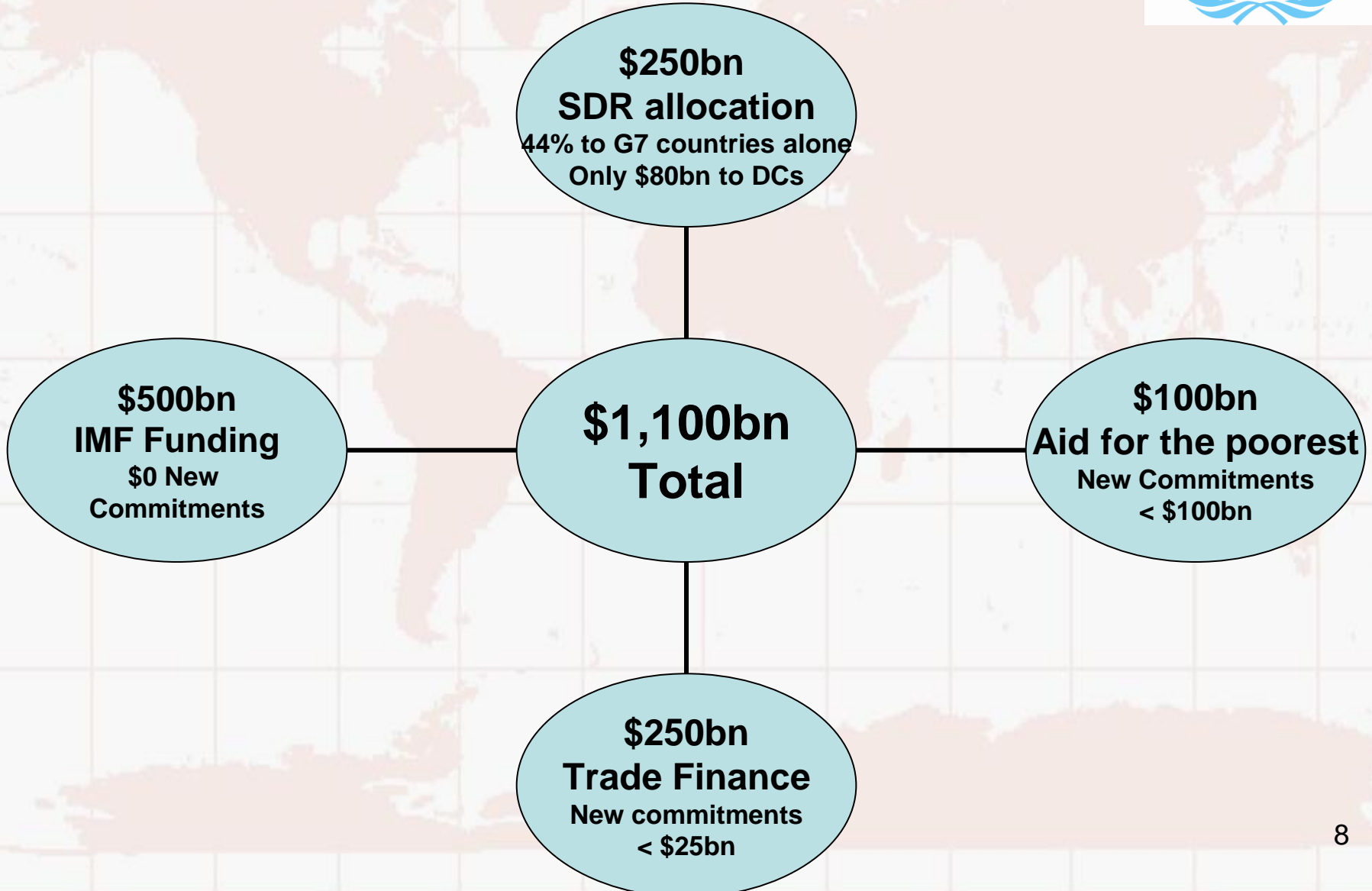


Source: UN/DESA, based on policy stimulations with the UN Global Policy Model.

G20 recovery efforts vs ODA for Africa



G20 London Summit



G20 Pittsburgh



- G20 takeover (G7)?
- BWI governance shifts
- Executive remuneration debate
- Financial regulation reform?
- Capital requirements
- Surveillance

G20: next?



Toronto:

- Fiscal consolidation?

double dip danger

[better bank regulation → crisis free]

Seoul:

- ‘Financial safety nets’
- Development

Crisis → reform?



- Lack of reserve currency system → unsustainable global *imbalances*
- International financial *architecture*:
non-system since 1971 end of BW
- Financial **deregulation**
 - deregulation, self-regulation
 - **inadequate + inappropriate** regulation
- Capital account liberalization

Broader reform agenda



- Ensure *macro-financial stability* with *counter-cyclical* macroeconomic policies + *prudential risk management*, including *capital controls*
- *Finance* growth (output, employment) with *developmental* financial system
- Ensure *inclusive* financial system
- Monterrey *policy coherence*: Align IMF, WB with UN development agenda, IADGs

BWIs governance reform



- BW spirit? Financial cooperative
- Creditor-borrower balance? IADB?
- Europe over-represented
- US veto
- Quotas debate
- Basic votes
- Double majority?

Stiglitz Commission: New institutions



- *Global Economic Coordination Council*
- *International Debt Restructuring Tribunal*
- *Foreign Debt Commission*
- *Intergovernmental Commission on Tax Cooperation* (for resource mobilization)
- *New International Reserve Currency*

Proposed UN initiatives



Debt sustainability framework

International tax cooperation

Global Economic Coordination
Council

Macroeconomic advisory capacity
(MAC)

Global Green New Deal

Thank you



Please visit the following websites:

UN-DESA www.un.org

- Policy briefs
- Research papers
- Other documents