

# **Priorities for Reform of the Global Economic System**

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# Global governance deficiencies

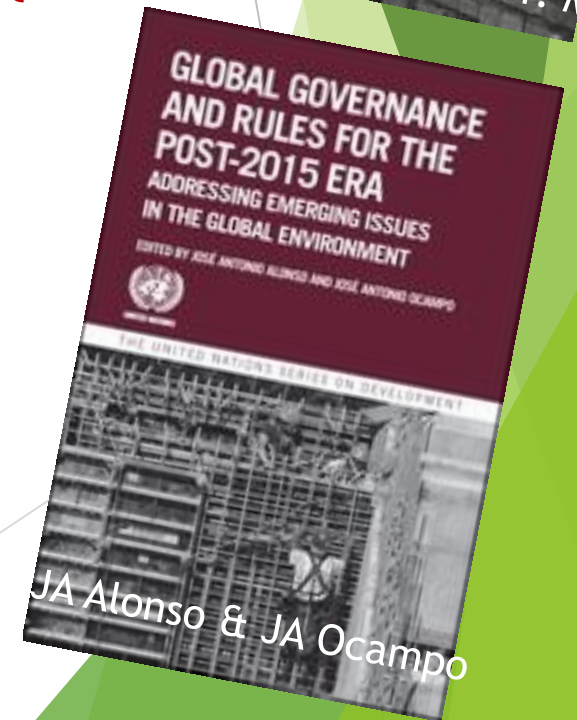
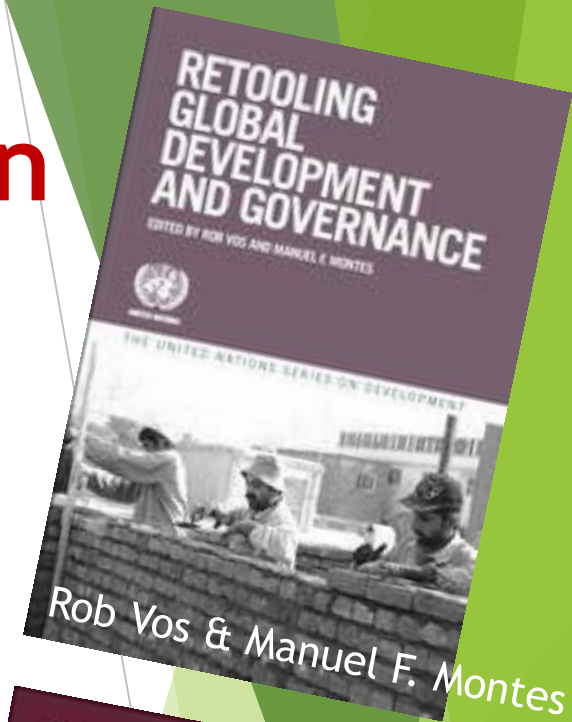
- ▶ Common **unprecedented** global development agenda in SDGs
- ▶ Also: Paris Agreement on Climate Change, G20's shared and sustainable growth strategy, etc.
- ▶ Do we have the steering mechanisms to make true?
  - ▶ Multiple layered governance platforms
  - ▶ Lack of coherence, lack of transparency, lack of legitimacy
  - ➔ Shared global goals, dispersed governance

# Three priorities

1. Policy coherence and coordination
2. New finance mechanisms for global public goods
3. From multilateralism to international “multi-stakeholderalism”

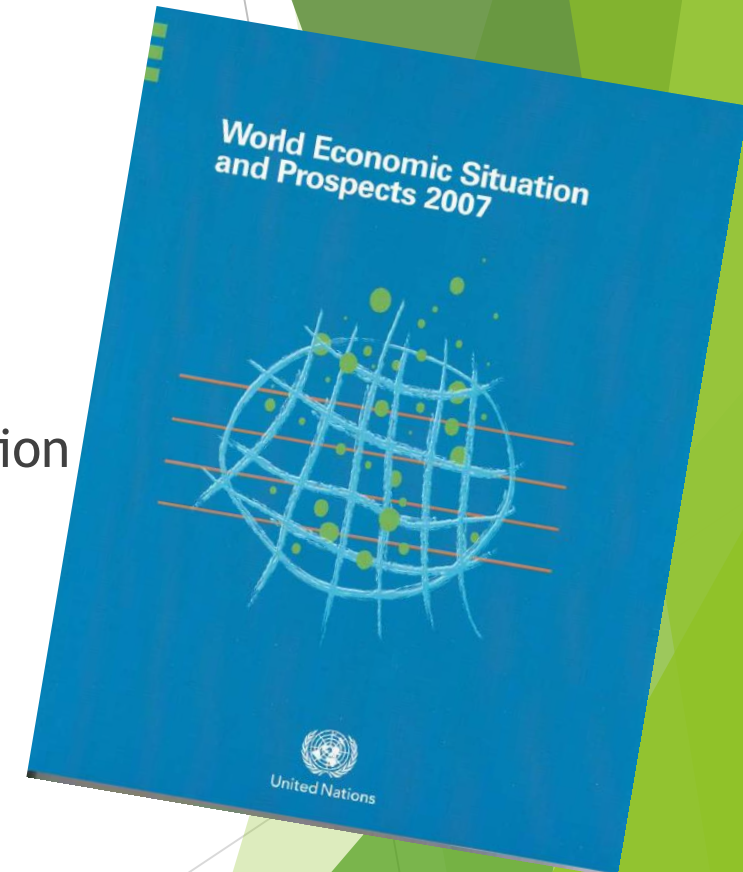
# 1. Policy coherence and coordination

- ▶ Mechanisms exist for issue-specific coherence (e.g. WTO), but most with many flaws
- ▶ No mechanisms for agenda-wide coherence
- ➔ Need for **Economic and Social (Security) Council**
  - ▶ Meant to be at inception of ECOSOC
  - ▶ Many reforms, no real change in powers and coordination capacity
  - ▶ Stiglitz Commission (2009) proposal stranded
  - ▶ HLTF for Agenda 2030 for monitoring not coordination



# Political economy of policy coordination

- ▶ Case for macroeconomic policy coordination was obvious long before global financial crisis
- ▶ UN calls went unheard; IMF turned near oblivious
- ▶ Crisis led G20 to step in:
  - ▶ Resurrected IMF
  - ▶ Was instrumental in preventing crisis turning into new recession
  - ▶ Coordinated some stricter financial regulation
- ▶ G20 by and large fallen back to toothless talkshop
  - ▶ Legitimacy deficit
  - ▶ Lacking instruments
  - ▶ Polec problems: lack consensus about global gains from stronger coordination, uncertain about national gains, domestic opposition



## 2. Financing global public goods

- ▶ Traditional development finance falling grossly short of needs (need to go from billions to trillions)
- ▶ Provisioning of Global Public Goods support by global financing mechanisms
- ▶ International taxes? Possibly, but who will collect and how allocated?
- ▶ Many other mechanisms, but SDR issuance for development purposes perhaps most promising one
  - ▶ Shift to international currency helps stabilize international monetary system
  - ▶ Regular issuance of SDRs and leveraging for development finance could yield \$1 trillion per year in new funding
- ▶ Will this happen? No, not without major reform of IMS



### 3. From multilateralism to international multi-stakeholderism

- ▶ Private sector and CSO in many ways have become ever stronger global players, and increasingly concerned with global social responsibility
- ▶ National governments may not mediate their interests well
- ▶ Policies are important, but transformative change needs behavioural changes by all actors
- ▶ Committee on World Food Security (CFS) and ILO good examples of combinations of inter-governmental and multi-stakeholder global governance platforms
  - ▶ ILO has effective role in setting (binding) international labour standards
  - ▶ CFS in setting (voluntary) guidelines for responsible agricultural investment
- ▶ Can this be applied more widely?



# Principles for global governance

## *Good principles for good global governance*

- ▶ *Common but differentiated responsibilities and respective capacities*
- ▶ *Subsidiarity*
- ▶ *Inclusiveness, transparency, accountability*
- ▶ *Coherence (global rules need to be comprehensive)*
- ▶ *Responsible sovereignty (i.e. national interests best served by policy cooperation)*

## **Challenge:**

- ▶ Principles are minimum requirements, but also major obstacles to reform

