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