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Interview With Ilene Grabel[1]

Q1. Tell us a bit about your background.

I grew up in New York and attended public schools. My father worked on the production side of things in the garment center back when women's clothing was still made in Manhattan. He was a passionate reader. My mother was a secretary at a community college. They were modest people and so it was a vast leap for me to become a professor, an aspiration I long held because of my love of school and also, I think, because of my father's passion for reading.

Q2. Why did you choose to study economics and to attend UMass Economics for your PhD. work?

When I started my Bachelor's degree at Queens College (one of the colleges in the City University of New York network), I never considered studying anything but economics. I think there were a few reasons for this decision (which some might consider a failure of imagination!).

I very much enjoyed the social studies classes I took in high school. In those days, social studies was a kind of stew involving economics, personal finance, history, and civics. So an economics major seemed like an obvious choice.

My decision to study economics was quickly validated during the first meeting of my first class at Queens College, which was "Introduction to Macroeconomics" taught by Ray Franklin. Ray was a mesmerizing teacher and that sealed the deal for me. I ended up working for him as research assistant for a few years. I became very close to Kim and Matt Edel during my time at Queens. (Kim was in the Urban Studies Department and Matt held joint appointments in Economics and Urban Studies.) Now that I'm an academic I cannot believe how much time Kim and Matt let me (and other students) simply hang around in their offices. They were also great and generous hosts. I spent many an evening at their home enjoying fondue and was always shocked and intimidated when they would say "oh, by the way, Andre Gunder Frank (and any number of other left luminaires) is going to join us

[1] Thanks to Suraj Thapa for assistance.

for dinner." I housesat for them during their annual summer trip to New England and found their massive library and what seemed an impossibly exotic array of condiments in their fridge mesmerizing. Bill Tabb and Carl Riskin were also mentors of mine at Queens College. I worked a great deal on my graduate applications with the faculty that I've mentioned. Kim and Matt, as usual, were especially generous readers of my essays and provided a great deal of guidance on the process.

I was also drawn to study economics because I was very interested in issues of poverty, development, imperialism, discrimination, and US interventions in Central America. Economics seemed to me the best way to understand these phenomena and to improve the world. I was also involved with activist politics on campus. The left faculty met monthly for a brownbag lunch discussion group. To be among the students who were invited to join this group was a great honor and these lunches were formative for me.

I received a great deal of encouragement from a very special group of faculty, all of whom made it perfectly clear that I should pursue a PhD in economics and that the only place to do it was at UMass-Amherst. And so I did.

Q3. What was the overall atmosphere like when you were a UMass grad student? Who were some of the main people that influenced you during your years there?

UMass was a great place to study. Our entering class became extremely close very quickly. We felt that it was important to enact our commitment to collectivism by working together on everything—preparing and sharing study notes, creating shared physical photocopy archives (because were were studying in the pre-pdf, pre-email days—hard to believe now!), studying for exams, and working together in dissertation 'support groups.' Within the class I became very close to several people—George DeMartino (my study buddy for several years and now my husband of 29th years), Amy Silverstein (now Cramer), and Linda Ewing. There were also deep friendships across classes (many of which are active today), and I found the more advanced students extremely generous in providing support and tips on getting through various hurdles as a graduate student. I'm still surprised when I talk with colleagues who studied at different institutions to hear that their programs were cut throat and that they received little support from fellow students and faculty. I could not have gotten through UMass without the support I received. And I could not have launched and built a career without the support, networks, and friendships I built at UMass.

The graduate students at UMass were not surprisingly very radical in their approach to being students. There was a student organization, the Economics Graduate Student Organization (EGSO0, which was very militant. EGSO met at the start of every term and decided who would serve as a teaching assistant and for which professor. EGSO would determine how many discussion sections would be allocated to each student. The organization also allocated some of the research positions, and participated in faculty hiring, some types of faculty meetings, and discussions of curriculum and curriculum changes. I loved being a part of EGSO and I was for one year a co-chair of the organization. My present professor self cannot believe that we had the space (or nerve) to do or say what we did, and I find it impossible to imagine anything like this happening in any other institution.

Not surprisingly, many EGSO members were also very involved in efforts to unionize graduate student employees. I enjoyed being a part of that first drive, which was successful.

Even if the EGSO experience is not easily replicable on other campuses I'm really heartened to see activism emerging in so many domains on campuses these days. Perhaps things are coming full circle with students at so many institutions becoming very active in many matters, such as university governance and leadership selection, the investment practices of endowments, faculty hiring, matters related to diversity, inclusion, and implicit biases in higher education, and in the "me too movement."

I found the faculty at UMass to be extremely supportive and I formed very close relationships with several faculty very quickly. Studying macroeconomics with Jim Crotty really changed everything for me. I came to UMass sure that I would focus on Marxian theory, labor, and other subjects that we might think of as traditional parts of the heterodox cannon in that period. But one class in macroeconomics got me hooked on Keynes, Minsky, and all matters related to finance, financial instability, and financial crises. These continue to be my central preoccupations. Jim became a very close friend and still is. The times I spent talking with him about my dissertation and the times I spent over dinner at his home with his wonderful wife, Pam Crotty, were extremely important to me. Jim was also very important to me on a personal level because we shared a common class background, as we were both outsiders to academia.

Another faculty member who was and still is very important to me is Jerry Epstein. While Jim turned my attention to finance and macroeconomics, Jerry introduced me to international finance and international financial flows and policy, areas that continue to be central to my work today. I also enjoyed many an evening at Jerry's home with his wife, Fran Deutsche, and still enjoy the chance to stay up late talking with Jerry and Fran whenever I stay at their home during visits to the Amherst area.

I also became quite close to David Kotz, for whom I worked as a research assistant for a couple of years. Though I did not work with David on my dissertation he was a generous sounding board and mentor. We remain quite close today. I had the privilege of getting to know David's wife, Karen Pfeiffer, both through David and during the year I spent teaching at Smith College in the final year of my dissertation.

In the preface to my recent book I wrote about the fact that the faculty who mentored me, both as an undergraduate and as a graduate student, remain role models when I interact with my own students. I don't see that I've ever been as generous and inspiring as they were to me. But I continue to try.

Q4. Albert Hirschman has clearly been a major influence on your more recent work? What are some of the main perspectives you got out of studying Hirschman?

Albert Hirschman's work has deeply influenced my work, especially the work I've done in the last few years around the global financial crisis and what it has meant for global financial governance and developmental finance. This work culminated in my recent book, *When Things Don't Fall Apart: Global Financial Governance and Developmental Finance in an Age of Productive Incoherence* (The MIT Press, 2017). In the book I use Hirschman's work as the key analytical frame for thinking through the nature of change and structural transformation of the global financial governance architecture—how do we understand it, how do we know when it is happening, how do we assess its significance, and how do we think about the issue of scale and the scalability of institutional transformations. I argue that the global financial governance architecture is today marked by "productive incoherence." In my view, productive incoherence can be understood most fully within what I call a "Hirschmanian mindset," by which I mean an understanding of social, institutional, and ideational change informed by Albert Hirschman's key epistemic and theoretical commitments.

Hirschman's work is deeply radical—it challenges us to think differently about social and institutional change; social engineering; the role, power, and rhetoric of economic experts; and the limits to knowledge. The alternative vision of change that I advance in the book, and which reflects key commitments that mark Hirschman's work, recognizes that meaningful change can and should come about through proliferation of partial, limited, and pragmatic responses to challenges and opportunities; and as a consequence of often disconnected, experimental, and inconsistent adjustments in institutions and policies. This vision turns our attention away from epochal ruptures of the sort that occur infrequently in historical terms but that tend to receive disproportionate attention by scholars. Instead a Hirschmanian approach turns our attention toward more prevalent but prosaic, small scale, experimental, and evolutionary changes as the wellspring of what can be meaningful transformation.

In the Hirschmanian view, development is to be recognized as a series of transformations, each of which amounts to a social experiment that permits learning by doing and from others. Central to this conception of development as a process of social learning is Hirschman's emphasis on experimentation, particularly parallel experimentation. Critically important as well is the importance of problem solving in response to previously unforeseen or underestimated challenges. This was Hirschman's conception of the "Hiding Hand." Central to Hirschman's Hiding Hand is his view that uncertainty, ignorance, and error can be the driver of productive action by policy entrepreneurs who develop pragmatic responses to evolving challenges. Think for a moment about the policy groping now underway across the globe in response to Trump. There's no standard playbook here—each country is grasping for viable responses.

Central to Hirschman's understanding of development as a process of social learning and experimentation is his rejection of the tendency that often leads social scientists to prejudge the outcomes of interventions, so that they can declare at the outset that some development represents a "fundamental" or a "superficial" change. An example of such thinking is the epistemic certainty that led some to decide that the BRICS group is a game changer, while others with similar certainty dismiss the group (especially China) as little more than subimperialists. I'll note also that in Hirschman's view even experimental failures can leave in their wake vital linkages, side effects, networks, and knowledge that may be available for and enable subsequent endeavors. This view is also relevant to thinking about possible legacies of the BRICS.

Other aspects of Hirschman's work pregnant with insights for my own include his commitment to what he termed "possibilism" and what he called his "bias for hope." Hirschman's possibilism entails the idea that small-scale, messy, disparate innovations reveal what could be. Hirschman counterposed possibilism with what he called the predominant "futilism" in the social sciences, especially in development economics. Futilism is the view that initiatives that are not entirely consistent with grand theories and social engineering programs are bound to fail. Central to Hirschman's possibilism is his humility and epistemic commitment to fundamental uncertainty. The embrace of uncertainty connects Hirschman quite directly to Keynes, Knight, and Shackle (and therefore also to the contemporary Post-Keynesian tradition). Related to his epistemic commitment to uncertainty is Hirschman's recognition (with Hayek and Popper) of the limits of intelligibility in a complex world.

Hirschman's work on exit, voice, and loyalty is perhaps his best known. These concepts refer to the circumstances under which actors engage or disengage with institutions that don't serve their needs. This framework is useful in thinking about the threats made by some developing economies to exit the Bretton Woods institutions, some of which culminated in the development of parallel structures. In the spirit of messiness I note that the development of parallel structures is playing out against simultaneous efforts to use voice to press these institutions from within.

Q5. Where do situate Hirschman relative to these Marxian and Post-Keynesian approaches? What other work do you see as connected to Hirschman's key insights? And where does your work fit relative to the Marxian and Post-Keynesian frameworks that are central to leftist research in your areas of macroeconomics and finance?

As I note above, Hirschman's commitment to fundamental uncertainty is a key point of connection between his work and work in the Keynesian tradition. That said, it is essential to understand that Hirschman was deeply suspicious of and indeed rejected anything that smacked of an "ism," a grand theory, or social engineering. His impatience with the pursuit of perfection in ambitious utopian projects and other forms of social engineering applied to plans from all corners—socialists, advocates of "big push" and "balanced growth" development models, hydraulic Keynesianism, and neoliberals. The rejection of utopianism had deep roots in Hirschman's personal and professional autobiography—including his practical experiences working on the Marshall Plan and European reconstruction under the auspices of the US Federal Reserve Board; his work as a consultant in Colombia, and deep connections to Latin America more broadly; his two experiences with the World Bank, first as the World Bank's advisor to the Colombian government from 1952-6, and later as a consultant studying project design, management, and appraisal; and his personal history as a refugee from fascism. The latter, in the view of his biographer, Jeremy Adelman, led Hirschman to appreciate the likelihood that grand utopian projects will yield horrific outcomes.

In place of social engineering, Hirschman advocated what he termed "immersion in the particular" and the need to liberate practice from the straightjacket of reductionist models that provided justification for encompassing, homogenous programs. Hirschman's approach instead was one of improvisation in pursuit of multiple development paths, not implementation of a pristine policy blueprint. He favored complexity, messiness, specificity, and contingency in contrast to what he saw as theoretically sanctioned, paradigm-based uniform solutions. In reflecting on his own work, Hirschman said: "[w]ith this conclusion I can lay claim to at least one element of continuity in my thought: the refusal to define 'one best way'" (Hirschman 1995, 76). This view was consistent with the work of economic historian Alexander Gerschenkron, whose work illustrated the multiplicity and uniqueness of development trajectories in a variety of national contexts.

In Hirschman's view, attempts by social scientists to domesticate what was fundamentally uncertain, disorderly, contingent, and complex had troubling consequences for developing countries. For Hirschman, as for Hayek (whom he drew upon admiringly), there were "limits to 'intelligibility' of our complex world." Herbert Simon's conception of "bounded rationality" stems from a related recognition that the social world is inherently complex and only partly intelligible. It's striking the degree to which Hirschman anticipates the contemporary turn in economics away from theorizing the economy as an essentially simple, self-contained system, toward recognition of the economy as an adaptive complex system.

There's an interesting passage in Hirschman where he commends the theorist, Louis Althusser, even though he ironically notes that as a Marxist, Althusser should be what he termed an "inveterate paradigm lover." What Althusser terms "overdetermination" in his account of transformative experiences, such as revolutions, Hirschman notes should more accurately be termed uniqueness, which is obviously something that Hirschman took very seriously.

As far as my own work, I'd say that it's fairly eclectic. In addition to working in the Hirschmanian tradition, I continue to be heavily influenced by Keynes and post-Keynesians, social economics, Marxian-inflected work, feminism, and aspects of post-structuralism. I also draw on work by political scientists in the constructivist tradition in the field of international political economy. I've learned about constructivism because I've spent my career in a school of international studies and I have many political scientists as colleagues.

Q6. Much of your work revolves around financial crises and transformations in the global financial architecture. From your perspective, what do you think were the primary causes of the 2007-09 global financial crisis? In what ways does your perspective correspond with or differ from other views out there, including those of both mainstream as well as leftist economists?

The global crisis of course has many roots. Chief among them are the blinders, narrowness, scientific pretensions, and hubris of the neoclassical economic paradigm that was dominant during the long neoliberal era. Many things followed from the dominance of this approach—for example, the use of faulty models of risk assessment that validated decisions made by financial actors; a "this time is different" fantasy that marked the pre-crisis years; radical programs of financial liberalization, 'light touch' financial regulation, and the broader idealization of markets and price signals; securitization of anything that could be securitized; financialization and the financialization of everyday life; shadow banking and the trading of opaque financial assets (such as derivatives); a revolving door between the financial community and financial regulators; and the conflicts of interest that are baked into the way that the credit rating industry operates. The power of the financial community also played a key role in driving behaviors and practices that contributed importantly to the crisis.

I think my perspective on the etiology of the global crisis is in line with that of most heterodox economists. It's been fascinating to see the way in which more mainstream economists have come to articulate narratives about the crisis that resemble those of heterodox economists. Often they do so in ways that do not acknowledge the prior work of heterodox economists. Nevertheless I'm heartened by the "rediscovery" of Keynes, Minksy, Marx, Polanyi, and John Kenneth Galbraith by economic journalists, mainstream academic economists, and economists working at policymaking institutions such as the International Monetary Fund (IMF). I'm hoping that Hirschman's work also comes to be widely appreciated beyond the work on exit, voice, and loyalty. I think there is evidence that this is happening.

Despite a similar financial crisis origin story I'd say that my work differs rather markedly from that of most heterodox economists when it comes to making sense of the legacy of the crisis in terms of global financial governance and developmental finance. The failure of the reform agenda after the global financial crisis (and of previous crises as well, namely, the East Asian and Mexican crises of the 1990s, the developing country debt crisis of the 1980s, and the crises of the 1970s) has led many social scientists and other observers to emphasize continuity in financial governance. In my recent book, *When Things Don't Fall Apart*, I call this the "continuity thesis"--it refers to the widely held claim that the opportunity for meaningful reform created by the global crisis has been lost, and that nothing of significance has changed, especially as concerns developing countries.

I argue in the book that the continuity thesis misses the point. I show that the East Asian and especially the global crisis catalyzed disparate, disconnected innovations across several dimensions of global financial governance. I argue further that these discontinuities matter deeply for developing countries. But to be clear: this is not to say that the global crisis occasioned an abrupt shift from one regime of global financial governance to another. It certainly hasn't. Indeed, I show that continuities in some domains are as salient today as are discontinuities. But I also argue--and this is the key point--that a chief problem with the way that social scientists tend to understand change is as a simple binary in which systemic regime displacement is the only and true test of change. The Bretton Woods era and the neoliberal revolution are the paradigmatic examples of regime displacement. At the other end of this binary thinking is the view that anything less than sharp, unambiguous discontinuity should be dismissed because it is merely trivial, localized, ameliorative, and fleeting. Obviously that flavor of blunt, epistemically certain thinking is not something that resonates for me.

My chief goal in the book is to move beyond these simplistic notions of change and to defend what I call the "productive incoherence thesis." My argument is that the changes we confront today are best understood as ad hoc, fragmented, and evolutionary. It is in this sense that global financial governance, taken as a whole, is today "incoherent." An unruly, muscular pragmatism has broken out in institutional design, governance, and policymaking. The new pragmatic spirit entails learning from experience and learning from others, both successes and failures, adjusting as necessary and in response to new challenges. The result so far has been emergence of an increasingly dense, "pluripolar" set of fledgling institutions of financial governance and a diversity of institutional and policy practices that do not cohere around a grand vision. Pluripolarity, as I use it, refers to increasing diversity, heterogeneity, and inconsistency within the financial governance landscape. And I want to be clear that though I'm encouraged by emergent incoherence in global financial governance this does not imply that incoherence is without important risks. Indeed, I elaborate on the risks of incoherence in the book as well.

Q7. Did you see the 2007 – 09 crisis coming? If so, what were the main indicators you were observing that provided you with this perspective? If not, what were the things that you did not see coming that you wish you had seen? What do we need to know now in order to give something resembling accurate forecasts as to whether or not another crisis is gathering force?

Many of us had long written about the myriad financial fragilities that were building for more than a decade prior to the crisis. The indicators of fragility included (but were not limited to) high levels of corporate and household debt; the bubble in residential and commercial real estate and stock prices, churning of securitized assets, and the abundance of cheap credit and the ease of getting mortgages; activities in the shadow banking sector; and the presence of regulators who were asleep at the wheel (or worse yet compromised by their prior or hopes of future work on Wall Street). Even the popular culture came to reflect much of this when we consider the popularity of television shows about 'fixing and flipping' and getting rich by speculating in real estate.

My Hirschmanian and Keynesian roots mean that I'm not one for forecasting crises. However keeping one's eyes trained on the kinds of indicators that I've listed above should figure into any discussions of whether another crisis is on the horizon.

Q8. From your perspective, do you think we are on course for another major financial crisis in the near future?

Surely other financial crises are on the horizon. We look out at a world that is fraught with a panoply of risks-- from Trumpian Twitter-induced shocks; deepening kleptocratic tendencies in the Trump administration coupled with a commitment to dismantle the financial regulatory architecture and reduce the US role in the Bretton Woods institutions unless they can be bent to the administration's will (to an even greater extent than has been the case over the last many decades); shocks emanating from a range of nationalist and xenophobic governments and political movements; deglobalizing tendencies in many parts of the world (such as those that drove Brexit); decline of postwar traditions of multilateralism and trade conflicts; unknown parameters of risks associated with cryptocurrency markets and new debt instruments such as collateralized loan obligations; very high leverage rates and debt rollover risks in China and in many other countries to which China is lending; pressure on developing country currencies coming from the capital outflows stimulated by the return to expansionary monetary policy in wealthy countries; possible instability associated with the Chinese government's plan to liberalize its financial system and currency; and the financial risks arising from climate change. Any intensification of these (or other) crisis triggers will test the resilience of the global financial system. It is therefore both prudent and sensible to assume that there will always be new financial crises, and that the most vulnerable nations and economically disadvantaged and politically disenfranchised groups within them will bear the heaviest burdens.

The global financial crisis had the effect of catalyzing a broadening and deepening of global financial safety nets, as I've written about in my recent book. A central question is whether policymakers are up to the task of responding to the next crisis. We may know that sooner rather than later. Critical in this connection is the fact that central banks are largely out of firepower, the expertise of central banks is under attack in some national contexts (the US most notably), cooperation of the sort that marked the 2007 crisis is not a likely outcome in the next few years, and the legitimacy of the IMF may be compromised if a leader is not chosen through an internationally competitive process (something that has never happened) and, if as seems likely, the governance and quota reform processes at the institution remain stalled.

Q9. In your (multiple award winning) book *When Things Don't Fall Apart,* you argue that much has changed in global financial governance since the last crisis. Can you give us some of the key pieces of evidence that you have gathered that support your conclusion?

I explore the contradictory effects of the East Asian financial crisis of the late 1990s, which I argue laid the groundwork for the uneven, evolutionary changes associated with the global crisis and its aftermath. In the book's four case study chapters, I examine areas of financial governance across which we find continuities, discontinuities, and in some cases, what I term "ambiguities." I'll just highlight now some of the empirical claims that I make in the three of the four empirical chapters.

A case that I examine in great depth is the IMF. The global crisis has had complex, uneven effects on the institution. There is a great deal of evidence on the continuity side of the ledger when it comes to the IMF. For instance, the crisis restored the IMF's coffers and central role in crisis management; assistance packages followed a well-rehearsed countercyclical script (as we've even seen very recently in the assistance package to Argentina in 2019), developing countries secured only very modest voting share increases; and the US and Europe exercised disproportionate influence at the institution, for example, by sustaining the postwar "gentleman's agreement" on the leadership of the Bretton Woods institutions, granting systemic risk exemptions to European countries, and the US Congress stalled extremely modest voting share realignments for five years. I'll note that Trump's Treasury team and the acting but still unconfirmed US Executive Director to the IMF displays the administration's signature hostility to multilateral organizations. The recent appointment of David Malpass to the World Bank is another tick on the side of continuity with leadership selection practices.

The Trump appointees to the Bretton Woods institutions may bring about an important discontinuity, which is reduced US engagement with and influence at these institutions, something that has already begun. This may be the only silver lining of the Trump administration. However, even before the Trump appointees came on the scene important discontinuities were emerging, especially at the IMF. In terms of discontinuities during the global crisis, IMF leadership, researchers, and staff working with crisis countries normalized the use of capital controls. Developing countries twice took the unprecedented step of lending to rather than borrowing from the IMF (in 2009 and 2012); the institution's client base largely shifted to the European periphery and away from developing countries; and there was evidence of tension between the IMF and Eurozone authorities on debt sustainability in Greece, the decision to grant exceptional access in the larger Eurozone loan packages, the most severe forms of austerity in some crisis countries, and on maintaining the link to the euro in peripheral European economies. In addition, the crisis opened channels for several countries, particularly China, to increase informal influence at the institution. Relatedly, the crisis ushered in a new norm at the IMF in which key positions including a Deputy Managing Director position is given to an official from China. In a different vein, but in keeping with the idea of discontinuities at the IMF, in 2015 China achieved a long-sought goal of having the IMF include its currency in the Special Drawing Right.

We also find increasing inconsistency between rhetoric from the institution, research, and its practice with individual countries. I call these gaps between IMF rhetoric, research, and practice "*ambiguities*," and I explore several key ambiguities at the IMF. An example of one ambiguity concerns the IMF's rhetoric and research on inequality, which has been somewhat progressive, while actual programs in countries like Greece and Argentina have aggravated inequality. The gap between rhetoric-research and practice reflects, not just public relations and organized hypocrisy (in the sense of Kate Weaver's usage, though certainly this is a part of the story), but it also reflects increasing contestation and confusion within the IMF.

Productive incoherence is also evidenced by innovations in financial governance architectures in the global south and east. For institutions whose existence pre-dates the global crisis we find expansion in the scale of activity, geographic reach, and the introduction of novel mechanisms. These changes are apparent in institutions that provide financial support during crises and development banks that provide long-term loans. Examples of institutions in the Global South and Global East that have expanded their capacity to provide counter-cyclical crisis support include the Chiang Mai Initiative Multilateralization of the Association of Southeast Asian Nations (ASEAN) plus three countries (namely, Japan, South Korea, and China), the Latin American Reserve Fund, and the Arab Monetary Fund. The Development Bank of Latin America is an example of a development bank that expanded its capacity during the crisis. We also find "hybridization" of missions within southern and eastern institutions as given by the decision by several regional and national development banks to take on a counter-cyclical role. Examples of such hybridization are found in Brazil's Bank of Economic and Social Development, the China Development Bank, and the Development Bank of Latin America. We also find southern and eastern institutions that have been created during the crisis, some focusing on counter-cyclical support, others on development finance, and some doing both. Examples of institutional creation include the Eurasian Fund for Stabilization and Development of the Eurasian Economic Community, the Contingent Reserve Arrangement and the New Development Bank of the BRICS, the Asian Infrastructure Investment Bank, and the other funds that China has created to support the Belt and Road initiative. Many of the institutions have signed cooperation agreements with one another. And in contrast to its opposition to the Asian Monetary Fund proposal (advanced by the Japanese government at the outset of the East Asian crisis), the IMF has been encouraging the expansion of and connections among these institutions. The IMF is also involved in discussions about ‘rules of engagement’ and is developing an instrument to provide backstop finance to these institutions. In all of this we are observing productive incoherence in the expansion of disparate and overlapping institutions that complement rather than displace the Bretton Woods institutions. Taken together, these developments are increasing the density and diversity of the financial landscape.

Another dimension of productive incoherence concerns capital controls. Most countries used these in the decades after World War 2 and the then dominant Keynesian theory supported their use. Capital controls fell out of favor in the 1970s and remained so during the long neoliberal era. Credit rating agencies downgraded countries that dared to buck the trend by deploying them. Changes in ideas and practices around capital controls began to emerge unevenly and tentatively in the 1990s, but deepen and become more consistent during the global crisis. A wide range of developing countries used a variety of capital controls during the crisis to slow the tide of capital inflows when the US, Eurozone and England offered few attractive opportunities to speculators. The change in thinking and practice around capital controls is dramatic. Capital controls have been “rebranded” as a legitimate policy tool, even by the credit rating agencies, the deeply conservative heart of the economics profession, and by the IMF, which has even prescribed them to some borrowing and some non borrowing economies during the crisis. It’s notable that the neoclassical heart of the economics profession has followed the lead of some IMF researchers, who have domesticated the idea of capital controls by now referring to them with the new neutral technocratic label of “capital flow management” techniques and referring to them as a “legitimate part of the policy toolkit.”

Stepping away from the empirics, I’d say that the institutional aperture and innovations that I examine might not persuade those committed to heroic narratives of systemic change. That’s unfortunate. From my perspective, recent crises might be understood as crucial turning points in a contested, uneven, long-term process of pragmatic adjustment in financial governance.

Q10. Are you optimistic that what you term our “Age of Productive Incoherence” in international finance is going to yield a more progressive policy architecture than what has dominated under neoliberalism? What, in your view, is a post-neoliberal financial architecture likely to look like?

Notwithstanding the significant risks associated with this age of incoherence I think it's naïve to think that we should be nostalgic for the coherent days of the neoliberal era and the monolithic governance architecture that underpinned it. After all, would it be better for developing countries if the Trump administration had at its disposal a streamlined Bretton Woods architecture through which it could leverage its power to constrain policy autonomy, frustrate progress on the United Nation's Sustainable Development Goals, and otherwise wreak havoc and play out petty grudges? As damaging as Trump's impact has been so far—and the worst may be yet to come—it's at least arguable that he lacks the levers under the evolving global financial architecture to impose his vision on others (at least with the same degree of success enjoyed by the champions of neoliberalism). A Trump in, say, the late 1990s—at the height of neoliberalism's coherence—would arguably have posed a deeper threat to developing countries. Moreover, it is implausible to think that the aspirations of developing countries would be better served by a return to the institutionally sparse, coherent, and centripetal financial and intellectual architecture of the last many decades.

It's best, I think, to consider the present as an interregnum between an era dominated by a dysfunctional Bretton Woods monoculture and a *something else*, the parameters of which are as of yet unknown and unknowable. Hence the question of whether the architecture is likely to be more progressive in nature or not is not something that we can know right now. However I think it is safe to assume that the evolving landscape is not likely to meld into a new, coherent global financial architecture that resembles the orderliness of the pre-global crisis world. The array of China-led institutions is complementing, competing, radically reshaping, and above all complicating the Bretton Woods landscape, where the line between advanced economy lending and developing economy borrowing used to be clearly drawn. The vacuum created by the recent US rejection of multilateralism suggests that there will be both greater space and more urgent need for China and others to step into the void. And this of course presents opportunities and real risks for developing economies, for US power and relevance, and for the shape of multilateralism.

The emerging productive redundancy threatens the streamlined, top-down, coherence of the Bretton Woods world, which promised efficiency but in fact generated and socialized extraordinary risks, created vulnerabilities to contagious crises, and deeply underserved developing countries. Redundancy and networks of cooperation among institutions in the Global South and East and between them and the IMF may increase financial resilience by increasing the size and range of crisis support opportunities while also providing new avenues to secure finance for long-term projects. Engineers naturally understand the need for redundancy in safety systems to ensure that the systems do well when placed under intense stress. The increasingly dense and networked global financial architecture is prudent in the very same way, even if it is by no means adequate in its current form to maintain stability during the next big financial crisis--the timing of which as I mentioned early is uncertain, though its eventuality is not. Nothing I've said suggests that I think things won't fall apart—indeed they can and always will. But when they do, will a messier, pluripolar Hirschmanian global financial architecture be better situated to respond to developing countries in a world in which the Trump administration is unlikely to have an appetite to allow the Bretton Woods institutions to perform their traditional roles? Present conditions suggest that we may know the answer to this question sooner rather than later.

Q11. Now that you have recently completed a major book, where do you see your research agenda going over the next several years?

I'm intensely interested in the future of multilateralism and pluripolarity in global financial governance, and I plan to continue to follow these matters closely in the coming years. The thing that's so fascinating about studying finance is that the field changes so quickly and there are always new things that I want to understand. I've been starting some new research on the privatization of development finance, something that has been pushed by the World Bank and a working group appointed by the Group of Twenty. I've also started some new research on the political economy and risks associated with cryptocurrencies. I also may start to work on the financial risks associated with climate change. It's hard now not to think that the spillover effects of climate change are the single most important issue that we face.

Reference

Hirschman, Albert O. 1995. *A Propensity to Self-Subversion*. Cambridge, MA: Harvard University Press.