**Enabling Global Macroeconomic Governance: Pathways for Reforms That Support a Feminist Plan for Sustainability and Social Justice**

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Ilene Grabel*
Distinguished University Professor
Josef Korbel School of International Studies
University of Denver; Denver, CO 80208, USA
Email: Ilene.Grabel@du.edu

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I've been asked to speak about reforms of global macroeconomic governance that could provide an enabling environment for feminist plans for sustainability and social justice. That's obviously a huge topic. But I'll do my best to highlight some avenues for reform in the time that I have. My comments are grounded in the view that global macroeconomic governance has long been deeply deficient. These deficiencies are revealed and amplified by the Covid-19 crisis (hereafter, Covid crisis). The task of radically rebuilding the broken global economic governance architecture is all the more pressing for a number of reasons. The first is the scale, speed, and global reach of the Covid crisis. The second is the fact that the crisis emerged in the historical context of unprecedented inequality which meant that the long recent period of economic growth failed to improve the wellbeing and life chances of so many around the globe. And, on top of all of this, the climate crisis presents an existential threat; while the foundations of postwar multilateralism have been challenged by reactionary political movements in a number of national contexts.

So, after that depressing roundup what can we say? To begin, I think it's important to push back against the narrative that we should "never let a serious crisis go to waste."[1] This, by now, tired phrase has a longer genealogy than is commonly understood. Indeed, we see it in the 19th century writings of Karl Marx and the Marxian tradition ever since. In the contemporary context, this narrative channels an opportunistic, technocratic, masculinized view of crises that overshadows what should be the essential point. *A crisis is a terrible thing*. Full stop. And in the context of this meeting, I know we all agree that the impacts of crises are always gendered, racialized, and deeply inscribed by class, power, and position within subnational, national, and global orders. Crises not only magnify inequalities, institutional, and policy deficiencies--they also reveal them. What they do not do is guarantee progressive reform—as Karl Polanyi recognized, they are just as apt as to propel fascist movements.[2]

All this said, I'd like to outline a number of directions for global macroeconomic governance that could enable what UN Women is calling a "Feminist Plan for Sustainability and Social Justice." In a few cases I'll speculate on the prospects and levers for moving in some of the directions I outline. But my primary objective is to speak to the overarching progressive pursuit of harmonized governance to replace global neoliberalism. Let me explain what's involved. I'll then turn to specific policy items.

*1. Reconstructed, permissive multilateralisms*

It is essential that reconstructed, permissive multilateralisms maximize policy space for experimentation and innovation with strategies that uplift and amplify the conditions of life for women, promote economic and social well being, inclusion, resilience, shared

[1] Philip Mirowski, *Never Let a Serious Crisis Go to Waste* (London: Verso, 2013).
[2] Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 1944).

prosperity, sustainability, and recovery from the economic and public health costs of the Covid crisis. I argue for permissive multilateralisms—plural, not singular—as an alternative to nostalgia for a unified, harmonized global governance system. In my view, harmonization is too close a cousin to earlier calls for what I've referred to in some work as a totalizing search for "coherence," which in practice has meant restrictive, autonomy-constraining, neoliberal corporate- and elite-led multilateralism.[3] Recall that the multilateralism of the post-WWII era was fairly messy in a good way. It was permissive and provided space for cross-national domestic policy heterogeneity. Indeed, the agreement to disagree on matters of domestic policy was hardwired into the system through Article IV of the newly created IMF.[4]

Permissive multilateralisms may have a chance if (as I hope) the US election marks a renewal of global engagement by the country's leadership. This would be a corrective to the naked self-interested nationalism of the last four years. And it would represent acceptance of what is obviously true—namely, that enduring, deep challenges in the arena of public health, climate, and the economy (including rampant inequality) cannot be addressed without robust, permissive multilateral cooperation supported by well resourced, legitimate, inclusive institutions of global economic governance. The incoming Biden administration is signaling a cooperative spirit and global outlook. Let's hope that this plays out in practice, but with greater skepticism than previous administrations about the supposed virtues of liberalized globalization. And let's also hope that the administration's fragile compromise with progressive forces within the US helps insulate a Biden administration from capture by the private sector. Speaking pragmatically, permissive multilateralisms may be all that is feasible for a public that has little appetite for grand plans in what I have elsewhere termed our present "ism-less Post-American moment."[5] Separate from what happens in the US, multilateralism has and is being contested and reshaped by other actors (most notably, China). This means that multilateralisms 3.0 will be different from the singular, unipolar multilateralism of the post-war and the neoliberal eras.[6] Institutions within the UN

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[3] Ilene Grabel, Chapter 2, *When Things Don't Fall Apart: Global Financial Governance and Developmental Finance in an Age of Productive Incoherence* (Cambridge: MIT Press, 2017); Ilene Grabel, "Post-American Moments in Global Financial Governance in the New Millennium," Political Economy Research
Institute Working Paper No. 511, University of Massachusetts-Amherst, August 2020. Available at: https://www.peri.umass.edu/component/k2/item/1306-post-american-moments-in-global-financial-governance-in-the-new-millennium
[4] I'll note in passing that the US state of Hawaii's April 2020 "Feminist Economic Recovery Plan" is an example of the kind of policy heterogeneity--albeit subnational--that a permissive global order should support. See
https://humanservices.hawaii.gov/wp-content/uploads/2020/04/4.13.20-Final-Cover-D2-Feminist-Economic-Recovery-D1.pdf
[5] Grabel, "Post-American Moments."
[6] Grabel, "Post-American Moments."

system and civil society organizations (CSOs) have a critically important role to play in advocating for renewed, permissive, multilateralisms.

I've used the term permissive several times already, so let me say a word about it. By permissive I mean, simply, regimes that promote genuine policy autonomy at the national and subnational levels. A permissive regime promotes opportunities for widespread policy experimentation. Experiments, not top-down harmonized policy blueprints. We are all in favor of restrictive regimes on condition that *we* are the ones who get to write up the restrictions. In a second best world, where we are not in position to write the rules, we should accept that permissiveness is the virtue we should seek; and then look to exploit the policy space such a regime creates to achieve our deepest social objectives.

Ok, now let's discuss some pressing policy issues that are consistent with my emphasis on policy autonomy.

*2. Sovereign debt*

Chief on the sovereign debt agenda is the pressing need for a sovereign debt restructuring mechanism (SDRM), something that has been raised and abandoned over several decades. It is a certainty that widespread, lasting debt crises in the global south and east will be but one lasting legacy of the Covid crisis, promising yet another "lost decade." As of this writing, Zambia is set to be the first country on the African continent to default on its debt since the start of the pandemic after private lenders rejected its November 2020 request for a debt standstill. Many actors, such as UNCTAD and CSOs, have developed frameworks and advocated for a SDRM architecture. IMF officials have recently identified the need for a SDRM (as have World Bank officials in the past). Implementing a SDRM is a matter of political will. The private sector must be forced to the table on this matter. This is imperative now that the naïve fantasy of voluntary private sector compliance has been recognized as such by the Bretton Woods institutions (BWIs) and the G20.

Eric Lonergan and Mark Blyth have written recently about "radical conditionality."[7] By radical conditionality they mean that when states intervene to support the private sector they condition that support on concrete commitments to abate wealth inequality and environmental destruction. This quid pro quo approach seems a good lever to force the private sector to the table once its representatives queue for a new hand out as the Covid crisis continues to unfold.

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[7] Eric Lonergan and Mark Blyth, "Radical Conditionality: Rewriting the Rules of Macroeconomic Policy," OECD Forum Network, October 20, 2020, https://www.oecd-forum.org/posts/radical-conditionality-rewriting-the-rules-of-macroeconomic-policy-49d3d1b3-180f-40c5-9368-9e76a50400da.

In addition to a SDRM, comprehensive debt relief (i.e., "haircuts) involving public and private sector obligations and debt cancellations for the poorest countries are essential. Without it, we consign these countries to austerity. Nothing could be more harmful to a feminist agenda. Debt standstills (such as the G20s Debt Service Suspension Initiative, DSSI) only kick the can down the road. At the very least, restructuring sovereign debts so that future repayment obligations link debt service to economic growth (or perhaps to other economic and social indicators) is an alternative. However, comprehensive debt relief should be a far higher priority. And here, too, pressure in the form of quid pro quos is an important avenue for advocacy. Without debt relief, policy autonomy remains unachievable regardless of other features of global governance regimes.

*3. Credit rating agencies*

The failed performance and compromised business model of credit rating agencies were apparent well before the Covid crisis. But the threat of a downgrade (or of being placed on "negative outlook") has prevented many countries of the global south and east from taking advantage even of the G20's DSSI, inadequate as it is. Reconstituting credit rating agencies so that they function like public utilities would go some distance in reducing their monopoly power and their ability to constrain policy space, especially in times of crisis.

*4. Expanding policy space for capital controls as part of a broader agenda of reigning in the financial sector*

I've written extensively on capital controls as a tool for expanding policy space for experimentation, especially space for accommodative and expansionary macroeconomic policies.[8] Capital controls can to some degree rebalance political voice by limiting the entrance and exit options available to the holders of capital. Capital controls were a defining feature of the post-war global economic order. This policy tool fell out of favor in the 1970s and remained so during the long neoliberal era. But ideas and practices began to evolve during the crises of the 1990s. And as the global crisis emerged, capital controls were quickly re-legitimized, even by the IMF in the form of what it has called its "Institutional View."[9] The IMF's Institutional View should be clarified and made less equivocal in ways that maximize policy space around this instrument. A more expansive Institutional View should unequivocally involve support for controls on inflows and outflows, should see controls not as a last resort but rather as a permanent and dynamic part of a broader prudential, countercyclical toolkit to be deployed as internal and external conditions warrant, and should reflect the view that controls may need to be blunt, comprehensive, significant, lasting, and discriminatory

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[8] Grabel, *When Things Don't Fall Apart*, Chapter 7.

[9] Ilene Grabel, "The Rebranding of Capital Controls in an Era of Productive Incoherence," *Review of International Political Economy* 22:1 (2015); Grabel, *When Things Don't Fall Apart*, Chapter 7.

rather than modest, narrowly targeted, and temporary. Any governance regime that seeks to develop a framework for capital controls should err on the side of generality, flexibility, and permissiveness; should involve and promote cooperation by both capital source and recipient countries; and should embody an evenhanded acknowledgment that monetary policies, like capital controls, have positive and negative global spillover effects that necessitate some type of burden sharing.[10]

Capital controls should be understood as part of a broader program to reign in the power of domestic and international finance and rebalance the world economy in ways that move it from its "K shaped" pattern (in which finance flourishes while the rest of the economy and population stagnates or suffers). Several avenues explored in this policy memo are consistent with this broader call to rethink the role of finance.

*5. The Bretton Woods institutions (BWIs)*

The response of the BWIs to the economic and public health challenges of the Covid crisis has been deeply disappointing. Disbursals have been slow and small relative to vast needs. Emergency financing for immediate relief is overdue. Many analysts and CSOs have advocated for the release of US$500 billion in Special Drawing Rights (SDRs), an IMF foreign exchange instrument, to support emergency financing. The US vetoed this initiative. But countries of the global north could still transfer some of their idle SDRs to the IMF for its use and to the development finance institutions that are its prescribed SDR holders, as Barry Herman has argued.[11] As of December 2019 these countries held $177B in idle SDRs, some of which could be transferred to the IMF and to two special funds for low income countries (the IMF's Poverty Reduction and Growth Trust, which provides interest free loans to the poorest countries, and its Catastrophic Containment and Relief Trust, which pays for principal and interest falling due on the obligations by low income countries to the IMF).[12] New incentives might be necessary to induce SDR transfers.

More broadly, and beyond the imperatives of a Covid era response, the BWIs need to be better and more stably resourced. The institutions also need to regain legitimacy and be modernized.[13] Leadership selection processes (which reflects the power and economic dynamics of 1944) should be transparent, merit-based, and inclusive. Steps should be taken to increase the voice and vote of countries of the global south and east so that the

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[10] Grabel, *When Things Don't Fall Apart*, Chapter 7, p. p 226

[11] Barry Herman, "The Looming Developing Country Debt Crisis and the Fear of Imposed Austerity," The New School India-China Institute, October 15, 2020, https://www.indiachinainstitute.org/2020/10/15/the-looming-developing-country-debt-crisis-and-the-fear-of-imposed-austerity/

[12] Herman, "The Looming."

[13] Discussion of the IMF, except where noted, draws on Grabel, *When Things Don't Fall Apart*, Chapter 5.

institutions are accountable to their full membership. The institutions also need to become responsive and accountable to a variety of stakeholders (who lack traditional representation within these institutions). The institutions should also be reformed in ways that reflect the global economic role, needs, and lived experience of their full membership and draw on a range of views in decision making and analysis. And they should develop equitable internal dispute resolution processes.[14]

*6. Enhancing the resources of development finance and liquidity support institutions in the global south and global east*[15]

Reserves accumulated after the East Asian financial crisis of 1997-98 and robust performance by many countries of the global south and east during the crisis of 2008 provided the means to support innovations in financial governance architectures. For institutions whose existence pre-dates the crisis of 2008 there was expansion in the scale of activity, geographic reach, and the introduction of novel mechanisms. New institutions were also created during the crisis of 2008, a few focusing on counter-cyclical support, others on development finance, and a handful doing both. Many of the institutions signed cooperation agreements with one another. In contrast to its opposition to the Asian Monetary Fund proposal (advanced as the East Asian crisis was unfolding), the IMF has been encouraging the expansion of and connections among these institutions and between them and the IMF. This engagement surely stems from several factors—namely, institutional self-preservation in a world of hollowed-out, contested multilateralism and recognition that the IMF's resources are inadequate in the face of a turbulent financial horizon.

Institutions in the global south and east are diversifying the financial landscape. I've argued elsewhere that a more densely populated, messier global financial governance architecture is more likely to be tolerant or supportive of experimentation and a diversity of economic models and approaches.[16] That kind of premissivenss is typically absent under an architectural monoculture that exerts a gravitational pull towards a single idealized model.[17] Speaking practically, this means enhancing the flow of

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[14] Kevin P. Gallagher and Richard Kozul-Wright, "A New Multilateralism for Shared Prosperity: Geneva Principles for a Global Green New Deal," Boston University Global Development Policy Center and United Nations Conference on Trade and Development, April 2019, https://unctad.org/webflyer/new-multilateralism-shared-prosperity-geneva-principles-global-green-new-deal

[15] Discussion in this section draws on Grabel, *When Things Don't Fall Apart*, Chapter 6

[16] These arguments are developed in Grabel, *When Things Don't Fall Apart* and extended in Grabel, "Post-American."

[17] This aligns with the case that I have made for sensibilities derived from Albert Hirschman's work (Grabel, *When Things Don't Fall Apart*, Chapter 2), Elinor Ostrom's complimentary arguments for polycentrism ("Polycentricity, Complexity, and the Commons," The Good Society 9:2 (1999)), and related arguments in complexity theory

resources to financial institutions in the global south and east, expanding connections among them (as has been happening since 2008), and advancing rules of engagement and backstop financing between these institutions and the BWIs, provided that these connections do not comprise autonomy.

*7. The enduring importance of access to public finance and official development assistance (ODA)*[18]

It must be underscored that international and domestic public finance and ODA is essential to the success of any feminist plan for sustainability and social justice. And despite the inward political turn that marks sentiment in many countries of the global north, actors in the global development, feminist, environmental, and social justice communities should continue to articulate a case for the necessity of well-resourced BWIs that play their traditional role in providing public finance and for galvanizing renewed commitments to ODA by actors in the foreign aid community.

*8. Moving beyond tired rhetoric to expand and protect space for accommodative macroeconomic policies*

Central banks and some governments in the global north unveiled assertive and often creative macroeconomic policy responses to the Covid crisis. For example, budget hawks in many contexts made a case for "giant bazookas" and central bankers argued that lawmakers should spend into the Covid crisis. The US Fed also adopted an average (rather than a single point) inflation target. Central banks and fiscal authorities in the global south and east possess neither the resources nor the policy space for accommodative macroeconomic policies. Moreover, they have received mixed messages from BWI officials, who have told them to fight the Covid war with spending, but to "keep receipts."[19] Carmen Reinhart (Chief Economist at World Bank) also raised the specter of future calls for austerity when she said "first you worry about fighting the war, then you figure out how to pay for it."[20]

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concerning the benefits of heterogeneous, adaptive systems and the dangers of monocultures and centripetal systems (Wolfram Elsner, "Complexity Economics as Heterodoxy: Theory and Policy," *Journal of Economic Issues* 11:4 (2017)).

[18] Discussion draws on Ilene Grabel, "Critique and Alternatives to 'Making the Global Financial System Work For All'" (October 2018 report of the G20 Eminent Persons Group on Global Financial Governance, EPG-GFG) prepared for United Nations Conference on Trade and Development, March 2019, https://ilenegrabel.files.wordpress.com/2019/08/grabel-ilene-unctad-report-march-23-2019.pdf

[19] https://blog-pfm.imf.org/pfmblog/2020/04/-do-whatever-it-takes-but-keep-the-receiptsthe-public-financial-management-challenges-.html

[20] https://www.ft.com/content/0582e495-765a-46a1-98f9-ac48e80a139c

The challenges of enabling feminist, green, just (and I would add, anti-racist) Covid recovery plans call for vast, globally inclusive programs of public investment in public health, care economies, and green transformations; and support for universal social protections and universal basic incomes, employment-generating activities, education, and digital access (among other things). As noted previously, fiscal space for these kinds of initiatives was not available in many countries of the global south and east prior to Covid. Spending into these initiatives was also ruled out by deficit hawks, even in nations that possessed fiscal headroom. It is particularly important for economists and CSOs to make a case for accommodative macroeconomic policy frameworks, now and after the coronavirus is controlled, and to challenge the myths peddled by austerity and inflation hawks, as they reassert themselves in the post Covid environment.[21] It is also important that a wide range of stakeholders be involved in policy design and macroeconomic policy impact analyses.[22]

*9. Domestic resource mobilization and global and national tax governance*

Addressing tax evasion by domestic and multinational firms and the world's super wealthy and curbing illicit financial flows is essential to domestic resource mobilization.[23] Many have by now proposed unitary taxation on MNCs as a vehicle for curbing corporate tax evasion. Other proposals include a global asset registry.[24] In addition, progressive taxation of income and wealth, closing channels for tax evasion, and raising taxes on financial and other firms are key vehicles for mobilizing resources and enhancing fairness.[25]

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[21] Isabel Ortiz and Richard Jolly, "Is the IMF Encouraging World Financial Leaders to Walk Blindly Towards More Austerity?," IDEAS, October 31, 2020, https://www.networkideas.org/news-analysis/2020/10/is-the-imf-encouraging-world-financial-leaders-to-walk-blindly-towards-more-austerity/

[22] Ortiz and Jolly, "Is the IMF."

[23] See discussion in Grabel, "Critique and Alternatives to 'Making the Financial System.'

[24] Richard Kozul-Wright, "Recovering Better From Covid Will Require a Rethink of Multilateralism," *Development*, 2020, https://doi.org/10.1057/s41301-020-00264-y

[25] Ortiz and Jolly, "Is the IMF."