

Seminar week 18
 Week 18- Lecture 17
 Global Economic Governance
 Saadia Gardezi

What is the “Washington consensus” and is it a useful economic strategy? (Rodrik, 2006)

978

Journal of Economic Literature, Vol. XLIV (December 2006)

TABLE 1
 THE AUGMENTED WASHINGTON CONSENSUS

Original Washington Consensus	“Augmented” Washington Consensus the previous 10 items, plus:
1. Fiscal discipline	11. Corporate governance
2. Reorientation of public expenditures	12. Anti-corruption
3. Tax reform	13. Flexible labor markets
4. Financial liberalization	14. WTO agreements
5. Unified and competitive exchange rates	15. Financial codes and standards
6. Trade liberalization	16. “Prudent” capital-account opening
7. Openness to DFI	17. Non-intermediate exchange rate regimes
8. Privatization	18. Independent central banks/inflation targeting
9. Deregulation	19. Social safety nets
10. Secure Property Rights	20. Targeted poverty reduction

See: https://drodrik.scholar.harvard.edu/files/danirodrik/files/goodbye_washington_consensus_.pdf

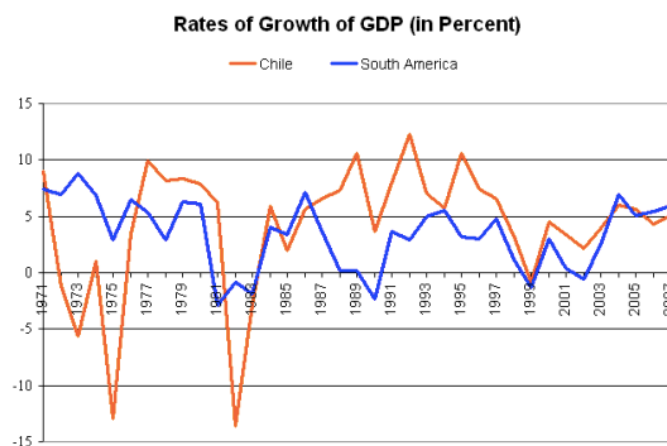
Presentation: To what extent is the IMF essential to the world’s economy?

What is “structural adjustment”? What problem does it try to resolve? What is the problem with structural adjustment policies?

(This website summarises structural adjustment policies and consequences:

<https://www.economicshelp.org/blog/2139/economics/structural-adjustment/>)

Neoliberal policies of the 1980s and 1990s—initiated by a repressive authoritarian government—transformed the Chilean economy from a protected market with high barriers to trade and hefty government intervention into one of the world's most open free-market economies. **What can you conclude from the graph?**



How do international organisations (IOs) construct authority over the forms, processes and prescriptions for institutional change in their member states?

“The rationale for the IMF to play the role of a *reputational intermediary* rests in large part on the prominence of the theory of policy credibility in the late 1980s and 1990s, which assumes that governments must commit to ‘credible’ policies that meet with the collective approval of private market actors or pay a high price for pursuing a non-conformist policy agenda, particularly when policy makers are faced with an economic crisis. My argument here is simple: if the IMF seeks to innovate and adapt its practices to address the particular needs of its member states in ways which involve a greater degree of ambiguity with respect to its capacity to lock governments in to market-friendly policies (that is, weaker policy conditionality), this institutional flexibility can degrade the IMF’s own reputation and hence its capacity to play the role of a reputational intermediary for troubled economies... In 1993... to alleviate domestic uncertainty in the former Soviet republics after the collapse of the Soviet Union at the end of 1991, the IMF sought to help governments to signal their policy credibility to international and domestic audiences by borrowing from its conservative reputation for imposing tough loan conditionality and restrictive macroeconomic policies. This example suggests that whether the IMF can be an effective reputational intermediary for states depends on its behaviour corresponding with the expectations held by key actors in the international financial community” (See Broome, 2008, The importance of being earnest)

IMF: Success?

<https://theconversation.com/lots-of-imf-programmes-are-never-completed-because-theyre-unworkable-161905>

“My argument is that, while the Bank’s commitment to poverty reduction is real, within limits, it is conditional upon, and secondary to, a broader goal. Its principal objective is the systematic transformation of social relations and institutions in the developing world, in order to generalise and facilitate proletarianisation and capitalist accumulation on a global scale, and build specifically capitalist hegemony through the promotion of legitimating schemes of community participation and country ownership” (See Cammak 2004, What the WB means by poverty reduction)

WTO: What does the Most-Favoured Nation clause mean? Is it fair?

Non-discriminatory multilateralism or discriminatory bilateralism and regionalism?