Reforming Global Financial Governance
Goals, Achievements, and Lessons Learned

Main Diagnostics:
1. “We have global markets but not global governance to oversee them”
2. “Finance impacts all economic and social spheres, but those who are most influenced have no influence”
The Initiative’s Vision

“Public institutions need to be the vehicles by which leaders take public responsibility for the public interest. Otherwise, markets determine the public interest, which manifestly does not work, especially in finance.”
“I believe that the root cause of the present crisis lies in the intellectual failure of economics. The wrong ideas of economists legitimized the deregulation of finance which led to the credit explosion which collapsed in the credit crunch”

(Lord Skidelsky, 2009 – Keynes: The Return of the Master)
The Initiative in a Nutshell:
Main Goal

To help enhance and improve a system of governance of the global financial system that is transparent and accountable and that financial institutions provide finance for sustainable development and employment opportunities worldwide.
Main Goal

More precisely: to help empower major global civil society players and to give them a credible and voice in the reform, reshaping and resizing of the global financial system to better meet their needs.

BUT, HOW DO WE DO THAT ???
Three Areas of Focus

• Regulation of domestic banks and private finance

• Reform of the legal foundations of international financial flows—international trade agreements

• Create a paradigm that calls for public (not just private) interest outcomes by uncovering the role and functions of the public financial system
Reorienting Financial Reform

1

The Task is not over, but *Reforms* are being implemented.
Reforming the WTO’s financial rules:

Core problem:
The mismatch between an emerging consensus for regulating cross-border financial flows and existing commitments in major international trade agreements for de-regulating them.
Shaping Financial Institutions for Innovation and Development

A BRICS-Plus new development deal PUBLIC FINANCIAL SYSTEM-BASED in the making?

There is a good chance...
Results

1

Capacity Building

An active and global network was built, and is running:

Most of the projects are carried out as “collaborations and joint ventures among grantees”
Impact

A successful early start:

Results

2

Now, it’s legislation (and she’s a Senator)
Results

Impact

Re-shaping financial institutions for innovation and development is now a major concern for both North and South governments.

Four years ago, the idea that the private financial system was creating instability instead of self-stabilizing, and had to be deeply reshaped by the government’s “visible hand”, was not at the table.

Now it’s current thinking and the initiative pioneered that turn in perception.
Results

4

Impact

Minskys as globally oriented policy dialogues

Now, YOU are helping to push for the implementation of a more progressive financial reform
Lessons Learned and Challenges

• Good ideas, well organized campaigns and a “first class team” are not enough.

• Concrete policy alternatives, capacity building, and advocacy certainly help, but are rarely a match to the lobbying power of the financial industry (and to lobbies in general).

• It takes money and politics to confront “Money in Politics”. A lot, especially if the target is the financial industry.

• In other words, progress does happen and has happened, but with our current “tools” it's bound to be slow.

Be Afraid.

That’s the takeaway for both investors and taxpayers in the 307-page Senate report detailing last year’s $6.2 billion trading fiasco at JPMorgan Chase.

The financial system, thanks to dissembling traders and bumbling regulators, is at greater risk than you know

(G. Morgenson), NYT, 3/16/13)
LET'S BEGIN!