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Global Financial Governance and Development Finance in the Wake of the 2008 Financial Crisis

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As many feminists have shown, financial crises and the austerity measures imposed in their wake have unequal effects on men and women, male and female children, and the poor. Many civil society groups and academics hope that the global financial crisis of 2008 has altered the economic development landscape in beneficial ways, not least by provoking changes in the governance of global finance. The reform of financial governance is of paramount importance for feminists since financial flows and crises influence economic opportunities and constraints.

Ilene Grabel examines the effects of the global financial crisis on financial governance from three angles: How is the crisis affecting International Monetary Fund (IMF) governance and the influence that developing countries have within the institution? What effect, if any, has the crisis had on the ability of developing countries to pursue economic policies of their own choosing (a concept known as "policy space for development") rather than those imposed by other countries or the IMF? And, what are the prospects for alternative financial architectures (such as regional and bilateral financial institutions) as competitors or important complements to the IMF?

While it is too early to draw definitive conclusions about how financial governance will evolve as a consequence of the crisis, Grabel's research reveals that several important changes have already occurred. First, it appears the IMF has substantially altered its own practices regarding capital controls – policies that manage international flows of capital to enhance financial stability. Second, many developing countries now enjoy a degree of autonomy enabling them to deploy policies essentially barred by the IMF during earlier crises, such as capital controls. This autonomy results, in part, from developing countries – China, India, South Africa, Brazil, Russia, South Korea – becoming important lenders to the IMF for the first time in the institution's history. Third, the global financial architecture is growing more heterogeneous and less centrally dominated by the IMF. This architectural evolution can be seen in the increasing importance of regional, sub-regional, and bilateral financial institutions and arrangements in the developing world. Fourth, and less positively, Grabel finds that developing countries have not yet secured greater formal influence at the IMF. But, she argues, other changes at the IMF – particularly the emergence of developing countries as lenders to the institution – may ultimately reconfigure channels of informal influence in ways that enhance developmental policy space.

At the broadest level, maintaining the status quo no longer seems possible: the pre-crisis global financial architecture is unlikely to be restored, and the transformations now underway provide hope for the first substantive reform in global financial governance in thirty years. The emerging financial architectures will almost certainly be heterogeneous and will provide greater policy space for developing countries than in recent decades.

Whether this rupture in the old financial order will result in lasting policy reform that points in a developmentalist direction or whether it will yield any institutionalization of gender awareness remains to be seen. But, from a feminist perspective, the turmoil in global financial governance is an opportunity for positive change. Indeed, the fracturing of the old order implies new opportunities for feminists to insert themselves more fully into debates about what a just and inclusive financial regime would entail.

Read the article in full at
www.tandfonline.com/doi/full/10.1080/13545701.2013.798021#.Uq8I9_RdX_M