

Reclaiming Institutional and Policy Space Amidst Crisis¹

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ABSTRACT *Marina Durano, Gigi Francisco and Gita Sen representing Development Alternatives with Women for a New Era (DAWN) argue that the critical question now is not only policies to overcome the current crisis, but also which global institutions should play what roles. They argue that in this time of unprecedented crisis, the UN in order to play a renewed and vigorous role needs women as much as women have historically needed the UN.*

KEYWORDS *United Nations; women's rights; global financial institutions; alternatives*

Introduction

The first decade of the 21st century is ending with the world in the throes of the most severe economic crisis unleashed by an era of unregulated financial capital. The preceding years of economic triumphalism among the neoliberals included a decade of rampant neoconservative hegemonism and almost three decades of development policies dominated by the There Is No Alternative (TINA) syndrome. Although the privatization, deregulation and liberalization espoused by the Washington Consensus led to rapid growth in some countries, their overall impact on many has been sharp increases in poverty, inequality and despoliation of the natural environment. But the severity of the current crisis also gives the world a historic opportunity to move away from failed ideas, institutions and policies towards a more sustainable and rights-based global development architecture. The critical question now is not only what should be the content of policies to overcome the current crisis, but also which global institutions should play what roles?

Unequal power and subverted mandates

The consolidation of the Bretton Woods Institutions (BWIs) around the Washington Consensus was helped, in part, by the dominance of their rich country shareholders (who were also the world's principal lenders) in their decision-making structures. The original BWI mandates were thus subverted, and all global institutions governing the key economic issues of finance, development, trade and aid have been affected by this.

- The International Monetary Fund (IMF), originally set up to ensure adequate finance for all countries, even handedness between borrowers and lenders, and stability in

the global monetary order, became, instead, from the 1970s on, the standard bearer for finance capital, imposing fiscal discipline on the weak while allowing moral hazard to run rampant in favour of the financiers. The sources of instability in this system were left unchecked for decades.

- The World Bank, mandated to support national development, became instead the face of harsh structural adjustment in the 1980s. Although it tried to moderate its stance thereafter, this was more true rhetorically at headquarters than in the field, where a relentless pursuit of privatization, high carbon intensive investments and relentless anti-labour policies became its imprimatur.
- In the World Trade Organization (WTO), the promising decision-making structure of 'nominal 1 country 1 vote system' was subverted through 'green rooms' and a variety of other mechanisms, including unequal bilateral trade treaties.
- The seriously flawed, fragmented and stalemated aid and debt governance structures have now been replaced by the donor dominated Paris Agenda on Aid Effectiveness and the Paris Club of creditors. The Organisation of Economic Co-operation and Development-Development Assistance Committee's (OECD-DAC's) Paris Declaration on Aid Effectiveness itself was only applicable to the lowest income and most vulnerable countries because the other recipient countries could not be forced into such a strongly donor dominated mechanism.

Simultaneously, UN agencies, including large ones such as the United Nations Conference on Trade and Development (UNCTAD) and the International Labour Organization (ILO), and small ones such as the UN Centre on Transnational Corporations, were sidelined; their mandates were downgraded, or, as with the United Nations Development Programme (UNDP), became so enmeshed in reform processes and strategies to make them cohere with the BWI that their ability to assert development alternatives at the country level was seriously eroded. While the specialized agencies, such as the United Nations Children's

Fund (UNICEF), are able to make their mark in the field, the UN is not viewed as a serious contender when it comes to economic development policies writ large. Even as some space was reclaimed by the human development approach, it became seen increasingly as complementary rather than providing an alternative to BWI policies.

These flawed institutional mandates have contributed to creating the economic crisis. Combined with a climate change and food crisis, global economic institutions are ill equipped to achieve the development agenda, including gender equality and women's empowerment.

Challenges and risks

The current global economic crisis, with its clear evidence of the failure of neoliberalism's most cherished shibboleths – deregulation and liberalization – demands a transformation and reclaiming of institutional space. Many actors are jostling for elbow room in this fractured ground, and many voices are calling to be heard. Among them is the move towards the UN High Level Conference on the World Financial and Economic Crisis and Its Impact on Development scheduled to take place in the 1st week of June this year.

But the powerful do not give up power easily, while the current scenario is replete with risks. The G-20 Summit and its approach to this financial crisis has shown limited commitment to changing the current architecture. It has moved to increase resources to the BWIs without the commensurate reforms needed to correct the mistakes of the past. Initial reactions from donor countries also indicate an unwillingness to create new institutions that will bridge the gaps in global governance.

Most of the commitments for new resources are old pledges from the G-8 Summit at Gleneagles in 2007. Further, it is unclear whether and how the 2008 High Level Forum on Aid Effectiveness and all official development assistance (ODA) commitments are linked to the fiscal stimulus packages that donor countries expect to spend.

The double standard of fiscal stimulus for the developed countries and fiscal discipline for the developing countries continues to be a threat.

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The IMF, with its new lease on life provided by the crisis, is slow to change its policy conditionalities as evidenced by its behaviour towards Hungary, Iceland and Honduras.

Despite developed countries professing the opposite, another arena for double standards is the rise of protectionist policies, especially riding on developed country fiscal stimulus packages, whereas reductions in agricultural subsidies, which are important for developing countries, have yet to occur. It will continue to be difficult for low-income countries dependent on commodity exports to recover without actions directed at agricultural subsidies.

The risks above could seriously damage the prospects for economic recovery and future economic development, including meeting the Millennium Development Goals (MDGs), especially for the poorest countries. These risks can also leave the global development architecture as flawed and weak, as it has been making the achievement of development goals a pipe dream.

Where does this confusing scenario leave the UN and the search by civil society organizations for new spaces and terms of engagement?

Reclaiming institutional and policy space

Civil society organizations, including women's organizations and feminists, have long engaged with the UN as the most representative, transparent and open of available inter-governmental spaces. Especially during the 1990s, the UN conferences opened up spaces for civil society engagement on a range of issues – the environment, human rights, population, women, social development, habitat, racism and more. The UN has been the terrain where women's human rights and gender equality have become an important part of global commitments.

However, it was in the heyday of the Washington Consensus that the UN Conferences of the 1990s, with their themes addressing critical global public goods and social inequalities, occurred. As a result, their agendas often conflicted with the fiscal belt-tightening and privatization of the reigning neoliberal orthodoxy, their mandates remained underfunded, and they tended to fall

into institutional vacuums or parallel structures. As a result, they were often at odds with or had limited connection to the financing programmes pursued by the main global economic institutions that were also setting the core development agenda. As the UN itself was being weakened institutionally in terms of its capacity to address this agenda, this was a double whammy.

Moving forward

Two key directions are needed if this crisis is to be turned into a real opportunity.

The UN must regain its place in the global development architecture. Expertise should be built within the UN system, including UNDP and UNCTAD, in order to reduce reliance on the World Bank as the only 'knowledge-technical assistance-capacity building' institution. The role and mandate of UNCTAD as an authoritative knowledge-based institution whose work aims to help shape current policy debates and thinking on development, with a particular focus on ensuring that domestic policies and international action are mutually supportive in bringing about sustainable development, including gender equality, must be strengthened. These directions to reclaim the UN's development capacity have to be fused with real strengthening of capacity for developing frameworks and policies, and supporting the implementation of gender equality and women's empowerment commitments.

The UN's gender equality machinery must be strengthened, with clear capacity to participate in and influence the financial, monetary and fiscal policy processes, so as to create coherence between macroeconomic policy and gender equality goals. A gender architecture that only focuses on violence against women (critical as that is) will be clearly inadequate. Within a rights-based approach to development governance, there must be the recognition of the central role that care, reproduction and sexuality play in people's lives, and how these are inter-linked with concerns over old and new forms of poverty, global inequities and social gaps, as well as questions about women's rights, empowerment and equality with men. Public policy must change the incentive

structures in society so that the responsibilities for provisioning and care are more democratically, equitably and in gender-sensitive ways evenly carried among States, markets, and households or communities.

In this time of unprecedented crisis, the UN in order to play a renewed and vigorous role needs women as much as women have historically needed the UN. It is time to make this happen.

Note

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