

The international financial system and enhancing a globally enabling environment for development

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The ongoing global economic crisis has exposed the treacherous features of the international financial system. The current crisis originates from the developed countries and continues to threaten global economic recovery for all. The source of the current financial problems cannot be blamed on the corruption and inefficiency in the developing countries. Systemic reforms are required. Because of the entrenched commercial interests that are advantaged by the current financial rules and arrangements, the international community must also overcome crises in politics, policy and morality to undertake systemic reforms.

Current financial rules are inimical for prospects for economic development in poor countries because volatile and large private financial flows restrict the policy space of developing countries governments in promoting long-term investment to diversify their economies. The global system is configured to encourage competition among nations over trade and for private investment even though private investment is highly unstable and unable to provide the scale of resources needed for development. In the context of this competition, developing country governments are seriously constrained from mobilizing resources for their own development from their own domestic economies.

The presentation will cover the role of the key aspects of international financial reform including:

- (1) financial regulation, both internationally and nationally and the development of domestic financial capabilities;
- (2) international cooperation in domestic resource mobilization, including concerted efforts against tax evasion and for greater international tax cooperation;
- (3) governance reform in international financial and trade rules.

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References