

The Shifting Global Economic Architecture

Jonathan Luckhurst

The Shifting Global Economic Architecture

Decentralizing Authority in Contemporary
Global Governance

palgrave
macmillan

Jonathan Luckhurst
University of Guadalajara
Guadalajara, Mexico

ISBN 978-3-319-63156-1 ISBN 978-3-319-63157-8 (eBook)
DOI 10.1007/978-3-319-63157-8

Library of Congress Control Number: 2017950502

© The Editor(s) (if applicable) and The Author(s) 2018

This work is subject to copyright. All rights are solely and exclusively licensed by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed. The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

The publisher, the authors and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, express or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

Cover Image: © mattjeacock / Getty Images
Cover Design: Akihiro Nakayama

Printed on acid-free paper

This Palgrave Macmillan imprint is published by Springer Nature
The registered company is Springer International Publishing AG
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

ACKNOWLEDGMENTS

This project was motivated by the research for my previous book, *G20 Since the Global Crisis*, published by Palgrave Macmillan in 2016. This earlier research raised crucial questions about the broader effects of decentralizing authority in the global economic architecture. The present book began with a meeting at the International Studies Association (ISA) annual convention in Atlanta, Georgia, in March 2016. I want to thank, especially, Anca Pusca, senior commissioning editor for International Relations and Security Studies at Palgrave Macmillan, USA, for being supportive of my initial plans for the book at that meeting. I am also grateful to the anonymous reviewer of the subsequent proposal, who provided useful and encouraging feedback, which helped guide the project.

I am grateful to my colleagues at the Center for North American Studies and the Department of Pacific Studies at the University of Guadalajara, in particular Arturo Santa Cruz and Dagoberto Amparo Tello, who have been very supportive and understanding of the time needed to dedicate to completing this book. I am thankful to Arturo for his excellent intellectual insights during our discussions in recent years. My thanks also to Hartmut Lenz of Soka University, with whom many long conversations, over more than a decade, have influenced the analytical ‘eclecticism’ of this study. I am extremely grateful to Berenice Calvillo Cortés, who helped directly with some of the research for the book. I also appreciate the useful feedback from Abraham Newman, of Georgetown University, on a conference paper presented at the 2017 ISA annual convention in Baltimore, which was partially integrated into the book.

I was fortunate to have opportunities to discuss my hypotheses and research with several colleagues in Canada, especially during a visit in April 2017, when I gave guest presentations at the Balsillie School of International Affairs, in Waterloo, and the Munk School of Global Affairs at the University of Toronto. I am immensely grateful to John Ravenhill, director of the Balsillie School of International Affairs and professor of Political Science at the University of Waterloo, for his kind invitation to discuss my work at the Balsillie School. I am equally grateful to Alan S. Alexandroff, director of the Global Summitry Project at the Munk School of Global Affairs at the University of Toronto, for his kind invitation to present my research at the Munk School. Both were great hosts, and during an extremely interesting, enjoyable, and intensive week in Ontario, in addition to some very nice conversations with Alan and John, I also had opportunities to discuss my work on the book with other excellent scholars. These included, in Waterloo, Alistair Edgar, Alex He, Eric Helleiner, Maha Kamel, Andrew Thompson, and Hongying Wang; and in Toronto, Donald Brean, Andrew Cooper, John Kirton, Teresa Kramarz, as well as John Kirton's G20 Research Group, including Madeline Koch, Sophie Barnett, Courtney Hallink, and Brittany Warren. I thank everyone for their valuable comments, while noting that any flaws in this work are my responsibility. I am especially grateful to Alan Alexandroff, Andrew Cooper, John Kirton, and John Ravenhill, for our discussions in Canada and elsewhere.

Thanks again to Anca Pusca, also to Anne Schult, editorial assistant for International Relations and Security Studies at Palgrave Macmillan, USA, for your patience, support, and efforts to make this book possible. I am also grateful to the Mexican National System of Researchers (SNI), which provides funding for my research. This period since the 2008 financial crisis has been crucial for global governance. The shifting global economic architecture presents challenges but also opportunities; nostalgia for the past should not hold us back, either from positively engaging with the present or from attempting to influence the future.

I dedicate this book to Berenice Calvillo Cortés and Roderic Munguía Calvillo.

Guadalajara, Mexico
July 4, 2017

Jonathan Luckhurst

CONTENTS

1	Introduction: The Shifting Global Economic Architecture	1
	Part I Shifting Organizational Framework	27
2	Global Economic Governance Since the Twentieth Century	29
3	Global Economic Governance Since the Global Financial Crisis	57
	Part II Contesting Policy Principles, Norms, and Practices	81
4	From Deregulation and Market Efficiency to Sustainable and Inclusive Growth	83
5	Globalization, Inequality, and Challenges to Free Trade	117
6	The Growing Sustainable Development Consensus	155

Part III Destabilizing Actor Hierarchies	187
7 Shifting Authority of Actors in Global Economic Governance	189
8 Fragmentation or Integration of Global Economic Governance	219
9 Conclusion: Decentralizing Global Economic Governance	247
References	259
Index	301

ABBREVIATIONS

3G	Global Governance Group
ADB	Asian Development Bank
AfDB	African Development Bank
AIIB	Asian Infrastructure Investment Bank
ALBA	Alliance for the Peoples of Our America
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
AU	African Union
B20	Business 20
BCBS	Basel Committee on Banking Supervision
BEPS	Base Erosion and Profit Shifting
BIS	Bank for International Settlements
BRI	Belt and Road Initiative (aka. ‘One Belt, One Road’ [OBOR])
BRICS	Brazil, Russia, India, China, South Africa
C20	Civil Society 20
CICETE	China International Center for Economic and Technical Exchange
CMIM	Chiang Mai Initiative Multilateralization
CRA	Contingent Reserve Arrangement (of the BRICS)
CSO	civil society organization
DWG	Development Working Group (of G20)
ECB	European Central Bank
EU	European Union
FSB	Financial Stability Board
FSF	Financial Stability Forum
FTAAP	Free Trade Area of the Asia-Pacific
FTT	Financial Transaction Tax

G2	Group of Two
G5	Group of Five
G7	Group of Seven
G8	Group of Eight
G10	Group of Ten
G20	Group of Twenty
G77	Group of 77
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GFC	global financial crisis
ICTSD	International Centre for Trade and Sustainable Development
IFI	international financial institution
IILS	International Institute for Labour Studies
ILO	International Labour Organization
IMF	International Monetary Fund
IO	international organization
IR	International Relations (indicates the academic discipline)
L20	Labor 20
LIC	low-income country
MAI	Multilateral Agreement on Investment (proposed by OECD)
MDGs	Millennium Development Goals
MIKTA	Mexico, Indonesia, South Korea, Turkey, Australia
NAFTA	North American Free Trade Agreement
NAM	Non-Aligned Movement
NATO	North Atlantic Treaty Organization
NDB	New Development Bank
NGO	nongovernmental organization
NIEO	New International Economic Order
OBOR	One Belt, One Road (aka. 'Belt and Road Initiative' [BRI])
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
RCEP	Regional Comprehensive Economic Partnership
SCO	Shanghai Cooperation Organization
SDGs	Sustainable Development Goals
SDR	Special Drawing Rights
T20	Think 20
TARP	Troubled Asset Relief Program
TFA	Trade Facilitation Agreement (of the WTO)
TPP	Trans-Pacific Partnership
TTIP	Transatlantic Trade and Investment Partnership
TUAC	Trade Union Advisory Committee to the OECD
UN	United Nations

UNFCCC	United Nations Framework Convention on Climate Change
UNOSSC	United Nations Office for South–South Cooperation
UNSC	United Nations Security Council
VaR	Value at Risk
W20	Women 20
WTO	World Trade Organization
Y20	Youth 20

LIST OF FIGURES

Fig. 2.1	US percentage of world economic output 1960–2015 (Note: Percentage share of world economic output, current prices, 2017) (Source: World Bank database, retrieved June 26, 2017. http://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=US-1W)	34
Fig. 5.1	Exports of goods and services (percentage of GDP) G20 wealthy members (Source: The World Bank database, retrieved June 26, 2017. http://data.worldbank.org/indicator/NE.EXP.GNFS.ZS)	123
Fig. 5.2	Exports of goods and services (percentage of GDP) G20 developing and emerging countries (Source: The World Bank database, retrieved June 26, 2017. http://data.worldbank.org/indicator/NE.EXP.GNFS.ZS)	124
Fig. 5.3	Imports of goods and services (percentage of GDP) G20 wealthy members (Source: The World Bank database, retrieved June 26, 2017. http://data.worldbank.org/indicator/NE.IMP.GNFS.ZS)	125
Fig. 5.4	Imports of goods and services (percentage of GDP) G20 developing and emerging countries (Source: The World Bank database, retrieved June 26, 2017. http://data.worldbank.org/indicator/NE.IMP.GNFS.ZS)	126
Fig. 5.5	Foreign direct investment, net inflows (percentage of GDP) G20 wealthy members (Source: The World Bank database, retrieved June 26, 2017. http://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS)	127

- Fig. 5.6 Foreign direct investment, net inflows (percentage of GDP) G20 developing and emerging countries (Source: The World Bank database, retrieved June 26, 2017. <http://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS>) 128
- Fig. 5.7 Foreign direct investment, net outflows (percentage of GDP) G20 wealthy members (Source: The World Bank, official website retrieved June 26, 2017. <http://data.worldbank.org/indicator/BM.KLT.DINV.WD.GD.ZS>) 129
- Fig. 5.8 Foreign direct investment, net outflows (percentage of GDP) G20 developing and emerging countries (Source: The World Bank database, retrieved June 26, 2017. <http://data.worldbank.org/indicator/BM.KLT.DINV.WD.GD.ZS>) 130
- Fig. 8.1 Gross domestic product based on purchasing-power-parity (PPP) share of world total (percentage), G7 and BRICS comparison (Source: International Monetary Fund's *World Economic Outlook* database (estimates start after 2011), September 2015. <http://www.imf.org/external/pubs/ft/weo/2015/01/weodata/download.aspx> (Originally published in Luckhurst 2016)) 222
- Fig. 8.2 Gross domestic product 2015 prices (US dollars, billions), G7 and BRICS comparison (Source: International Monetary Fund's *World Economic Outlook* database, September 2015. <http://www.imf.org/external/pubs/ft/weo/2015/01/weodata/download.aspx> (Originally published in Luckhurst 2016)) 223

LIST OF TABLE

Table 6.1	Washington Consensus and 'Augmented' Washington Consensus	157
-----------	---	-----