



# PROVIDING GLOBAL PUBLIC GOODS

## ADJUSTMENT OR REFORM OF THE INTERNATIONAL MONETARY SYSTEM?

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# THE ISSUE

- Urgent need to contrast global public bads (climate change)...
- ...and provide global public goods (struggle against pandemics, universal access to primary resources, finance green transition)

# THE OBSTACLES

- Collective action problem (no enforcement, loose cooperation, unanimity and compromise): methodological nationalism
- IMS with built-in destabilizer, generating cumulative global imbalances, in turn descending from the Triffin Dilemma (international liquidity provided by a national currency)

# WHAT DO WE NEED

- Restoring multilateralism
- Creating a post-hegemonic (post-dollar) IMS
- Designing today the world of post-(triple)-crisis: pandemic, war, inflation

# THE OPPORTUNITY

- Need to clean and reduce CBs balance sheets
- To avoid an austerity bias, we need to substitute sovereign bonds with high-yield project-linked bonds
- Or bonds from fiscal authorities not directly linked to financing current expenditures but investments

# WHAT TO DO

- Potential role of the euro as leader in driving green investments
- Increasing role of SDRs for development, not just as a reserve asset
- Potential role for MDBs as second-best solution to the provision of global public goods
- Why MDBs: shareholders, regional integration, more credible conditionality
- Crucial role of the International Monetary Fund

# CONCLUDING REMARKS

- The current structure of the IMS is severely flawed
- Need to return on the path to multilateralism and a new order
- Difficult to do it now
- Second-best solution: boost MDBs for investments in green transition