
Reform of Bretton Woods institutions

Comments

Agnès Bénassy-Quéré

Conference on *International Cooperation in Times of Global Crisis: Views
from G20 Countries*

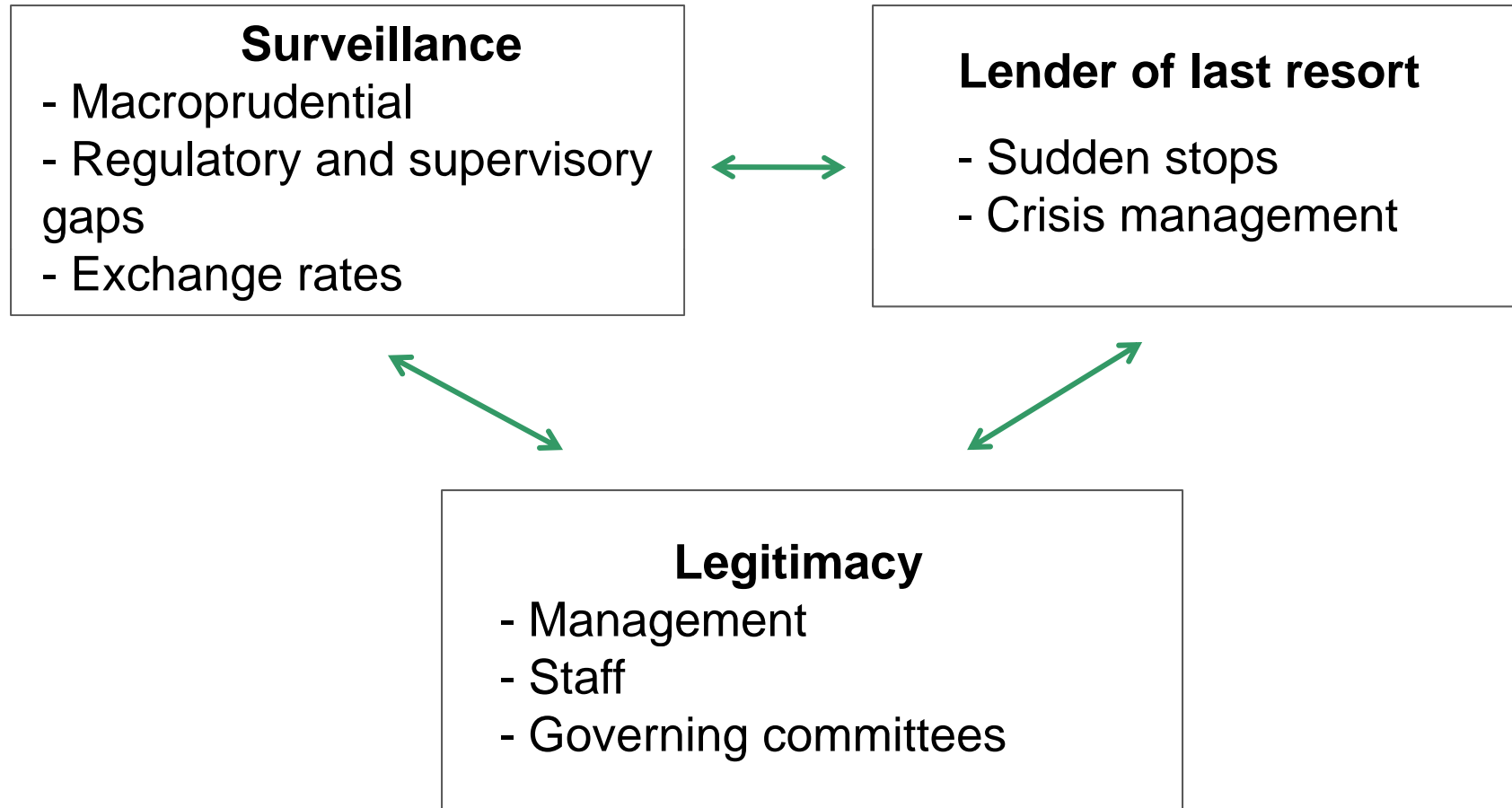
New Delhi, 14-15 September 2009



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Reform of IMF and World Bank





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Legitimacy

- Based on quotas that determine
 - financial contribution
 - access to financing
 - SDR allocations
 - voting rights (together with basic votes)
- Imperfect overlap between these various functions of quotas
 - increasing emphasis on the latter
- Quota reviews
 - 13rd ended in April 2008: ad hoc adjustment, new formula, tripling of basic votes
 - 14th to be completed by April 2011 (G20 decision)
 - BRICs asking for more say; revival of the debate on European chairs, consistent with the Manuel report (reduce the number of chairs)
- Quota formulas
 - time consuming (Cooper commission, 1999)
 - transparency/legitimacy arbitrage



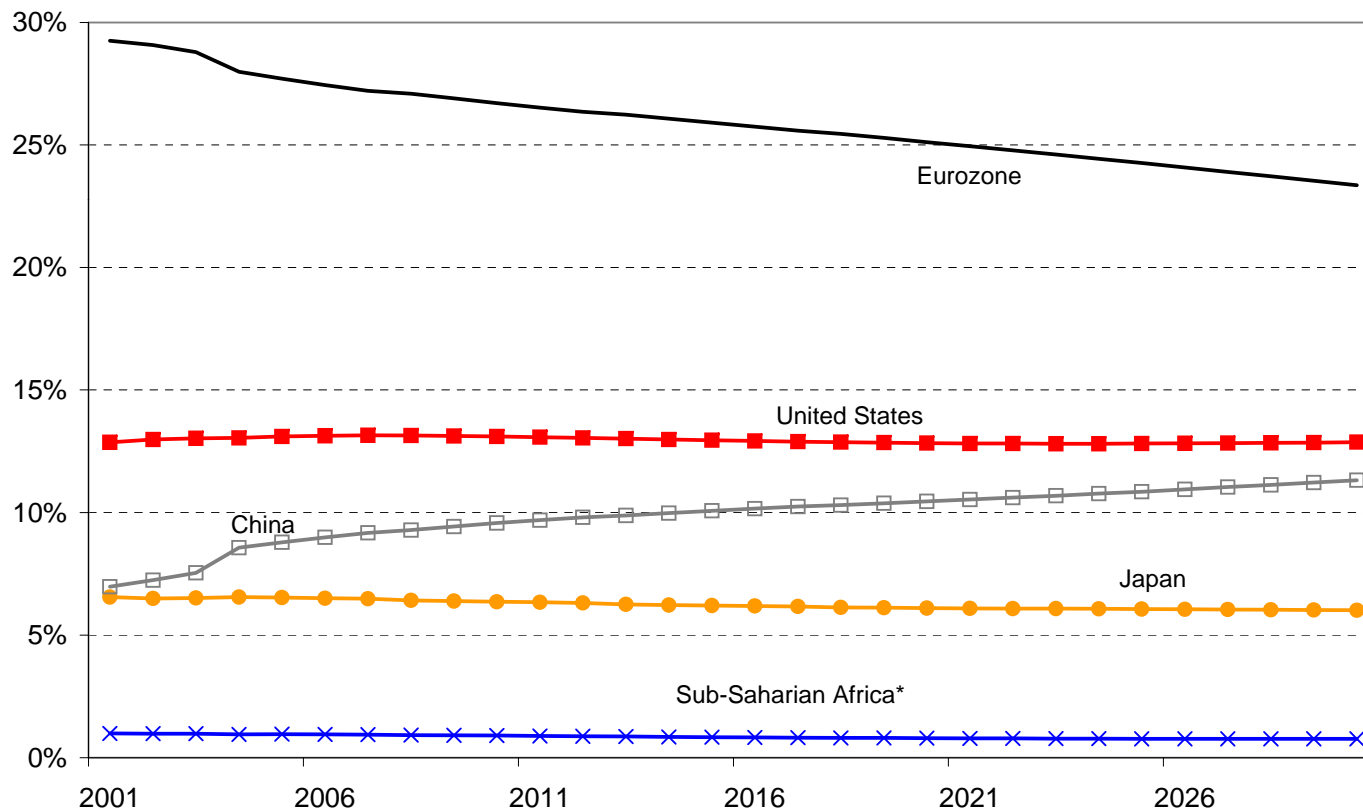
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A forward-looking approach

Exports

% of world total, incl. Intra-zone





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Projected quota shares

% share in 2007 ^(a)	Actual quota	“old” formulas				“new” formula (Apr .2008)			
		2001 ^(b)	2010	2030	2030- 2010	2001 ^(b)	2010	2030	2030- 2010
USA	17.08	16.4	16.2	16.5	+0.3	19.4	19.1	18.8	-0.3
Japan	6.12	7.8	7.3	6.4	-0.9	9.8	8.9	8.1	-0.8
Eurozone	22.78	23.8	21.6	18.5	-3.1	22.1	19.7	16.4	-3.3
France	4.94	4.0	3.6	3.0	-0.6	4.1	3.7	3.0	-0.7
Germany	5.98	6.2	5.6	4.6	-1.0	6.0	5.2	4.2	-1.0
UK	4.94	4.5	4.3	3.9	-0.4	4.8	4.5	4.0	-0.5
Korea	1.35	1.9	2.2	2.9	+0.7	2.0	2.3	3.3	+1.0
Mexico	1.45	1.6	1.6	1.6	+0.0	1.9	1.7	1.6	-0.1
China	3.72	4.6	6.4	7.9	+1.5	6.7	9.5	12.9	+3.4
Brazil	1.40	1.3	1.2	1.0	-0.2	1.8	1.6	1.1	-0.5
India	1.91	0.9	1.1	1.4	+0.3	2.1	2.6	3.5	+0.5
Russia	2.73	1.1	1.3	1.3	+0.0	1.2	1.5	1.5	+0.0
Sub-Saharan Afr.	4.56	0.8	0.8	0.7	-0.1	1.1	1.0	0.9	-0.1

(a) After the Singapore ad hoc adjustment. ^(b) Base year.

(b) Source: Bénassy-Quéré and Béreau (2009) based on MIRAGE simulations..



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A single chair for the Eurozone?

(« new » formula)

%	Actual quota share in 2007 ^(a)	Including intra-Eurozone trade			Excluding intra-Eurozone trade		
		2001 ^(b)	2010	2030	2001 ^(b)	2010	2030
USA	17.08	19.4	19.1	18.8	20.1	19.7	19.3
Japan	6.12	9.8	8.9	8.1	10.1	9.2	7.6
Eurozone	22.78	22.1	19.7	16.4	18.9	16.9	14.1
France	4.94	4.1	3.7	3.0	3.6	3.2	2.6
Germany	5.98	6.0	5.2	4.2	5.3	4.5	3.7
UK	4.94	4.8	4.5	4.0	5.1	4.7	4.2
Korea	1.35	2.0	2.3	3.3	2.1	2.4	3.4
Mexico	1.45	1.9	1.7	1.6	2.0	1.8	1.6
China	3.72	6.7	9.5	12.9	6.9	9.7	13.2
Brazil	1.40	1.8	1.6	1.1	1.8	1.6	1.2
India	1.91	2.1	2.6	3.5	2.2	2.6	3.5
Russia	2.73	1.2	1.5	1.5	1.2	1.5	1.5
Sub-Saharan Afr.	4.56	1.1	1.0	0.9	1.1	1.1	0.9

(a) After the Singapore ad hoc adjustment. ^(b) Base year.

(b) Source: Bénassy-Quéré and Béreau (2009) based on MIRAGE simulations..

How to raise LDCs' voice (« Japanese » formula)

%	Actual quota share in 2007 ^(a)	GDP at current prices		PPP GDP		Population	
		2001 ^(b)	2030	2001 ^(b)	2030	2001 ^(b)	2030
USA	17.08	23.4	23.4	19.9	19.0	10.8	10.9
Japan	6.12	10.5	8.0	7.0	5.3	4.1	3.6
Eurozone	22.78	24.7	18.5	24.2	17.9	17.7	14.0
France	4.94	4.7	3.4	4.4	3.2	3.1	2.4
Germany	5.98	7.2	5.2	6.8	4.9	4.9	3.8
UK	4.94	5.5	4.7	5.6	4.2	3.7	3.2
China	3.72	5.0	11.4	8.8	15.5	13.1	13.3
India	1.91	1.2	2.3	3.5	5.5	8.9	9.4
Sub-Saharan Africa	4.56	0.8	0.7	1.3	1.1	5.5	7.4

(a) After the Singapore ad hoc adjustment. ^(b) Base year.

(b) Source: Bénassy-Quéré and Béreau (2009) based on MIRAGE simulations..