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When Things Don't Fall Apart

Global Financial Governance and Developmental Finance in an Age of Productive Incoherence

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8 Conclusion: Opportunities, Challenges, and Risks

The evidence advanced in previous chapters demonstrates the degree to which transformations in central features of global financial governance that bear on EMDEs are under way. The focus throughout has been on those institutional and policy innovations that, in one way or another, enhance the possibilities for national policy autonomy and policy space for economic and human development, financial stability and resilience in the face of disturbances, and financial inclusion. These transformations should be understood as experimental, messy, ad hoc, uneven, and inconsistent. Together, they are generating what I have called an incoherent system of global financial governance—but one that is nevertheless productive. I am guided in this assessment by Hirschman, who emphasized the value of "development processes *in the small*" (Hirschman 1969[1958], ix, emphasis in original) and stressed that development projects "should be developed as much as possible in an experimental spirit, in the style of a pilot project gathering strength and experience gradually" (Hirschman 1967a, 19).

The emergent incoherence features an uncertain relationship to the hegemonic neoliberalism that constrained the material, ideational, institutional, and policy domains over the past several decades, especially across the global south and east. Neoliberalism has not been abandoned—far from it. No compelling utopian vision stands ready to contest it. Instead, the challenge has emerged from pragmatic practice rather than high theory. It remains largely inchoate and unarticulated. The turn away from neoliberal hegemony is not of the kind that many observers and especially many critics of neoliberalism, including myself, have long hoped for. We certainly do not seem to be at the dawn of a new epoch of global prosperity, stability, and economic justice.

It bears repeating that, to date, neither a new twenty-first-century theoretical champion nor any recycled twentieth-century model has emerged to rival neoliberalism in the domain of global financial governance. The

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present moment is characterized instead by contestation and uncertainty at the ballot box and within the economics profession, the BWIs, and across many levels of economic policy and institutional formation in the EMDEs over the nature of international integration in general and financial governance in particular. In the absence of a new consensus, policymakers in EMDEs are pursuing ad hoc, pragmatic adjustments in response to current and anticipated problems they confront—such as financial instability, the scarcity of long-term finance (for infrastructure and other capital investments), the myriad vagaries of international capital flows, and limited voice in institutions and networks of global financial governance. These responses draw on both neoliberal and non-neoliberal visions but also represent unscripted adjustments that are not consistent with any overarching theoretical framework. Today utopian visions are threatened by a pragmatic orientation in which necessity drives invention.[1]

The roots of the innovations now under way lie in an escalating series of economic crises of the neoliberal era—most importantly, the Asian crisis. The crises reminded careful observers of Polanyi's (2001[1944]) powerful insight that what he called the "self-regulating market economy" is far too dangerous and damaging not just for EMDEs but for the AEs as well. The crises had contradictory effects on neoliberalism—chipping away at the neoliberal consensus while at the same time locking some countries into the neoliberal agenda. Lock-in occurred through radical reforms that were tied to IMF assistance, a range of bilateral and multilateral trade and investment agreements, strictures of WTO membership, and the judgments of credit rating agencies and investors. But the crises motivated policymakers in the EMDEs to search for pathways forward that would free them from dependence on the BWIs. As we have seen (in chapters 1 and 3), the most ambitious proposals were never realized. Disappointed observers, then and since, cite these failures as evidence that neoliberalism has survived more or less intact and that any apparent discontinuities in global financial governance can be dismissed as either trivial or as papering over fundamental continuities. But as I have argued throughout, the crises planted the seeds for the gradual fracturing of neoliberal orthodoxy and for a corresponding increase in policy autonomy and financial resilience in many EMDEs. Leading EMDEs pursued escape strategies that entailed reserve accumulation under the particularly fortuitous global economic conditions that followed the Asian crisis and the beginnings of institutional, policy, and ideational innovations. When the crisis of 2008 broke out, these initiatives began to bear fruit, and indeed policymakers continued to deepen them. The crisis spurred significant expansion of financial governance networks while

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shoring up the confidence and determination to create opportunities for forum shopping and expanded autonomy that could be exploited to pursue new experiments (as we have seen in chapters 4–7).

The IMF itself was affected by these events (as we saw in chapter 5). Change in IMF practices was modest in the period following the Asian crisis, to be sure, but became more significant during and following the crisis of 2008. As we have seen, the IMF came to accept the legitimacy of capital controls, generally acceding to their use and in some cases actually proposing their introduction in response to domestic crisis tendencies while protecting economies from external financial instability. The reorientation on capital controls has been accompanied by other shifts at the IMF. The IMF's behavior during the conflict over the Greek bailout, in which it pushed back against the most severe austerity demands by its Troika partners until its capitulation in the spring of 2016, is just one notable example of IMF drift away from its prior uncompromising commitment to neoliberalism.[2] In its research and rhetoric, the institution has come to emphasize the need to protect the most vulnerable communities and highlight the costs of inequality and extreme austerity, even while it often directed countries to pursue contractionary economic policies. The IMF has adopted largely symbolic reforms of its formal governance structure, as leading EMDEs began to lend to the Fund and to press long-standing criticisms of various dimensions of IMF decision making. At the same time, changes that are more meaningful are under way regarding informal governance norms that bear on the role of rising powers, particularly China, at the IMF.

One of the most important features of the current period is the extent to which EMDE policymakers now enjoy and are taking advantage of increasing freedom to act autonomously to establish new institutions and practices of financial governance and developmental finance. As we explored at length in chapter 6, the crisis of 2008 motivated policymakers to establish entirely new subregional, regional, and transregional institutions; to build out existing institutions, substantially increasing their funding and capacity; to expand their mandates into new activities; and, in some cases (and with the support of the IMF), to explore ways in which these institutions might link to and coordinate with one another in various ways. Here we have surveyed just the most advanced and promising institutional innovations. But the overview should suffice to demonstrate the degree to which global financial governance has evolved and is likely to continue to evolve in the near future. To date, these developments do not threaten the BWIs, and, indeed, they are explicitly not intended to do so. Nor do they amount to a potent challenge to the financial hegemony of the United States and

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other leading AEs. But displacement is the wrong standard against which to measure their significance. The emerging pluripolar regime of financial governance—where the BWIs continue to play central roles in crisis avoidance and response, and in providing developmental finance, but where a wide range of new institutions provide these and other services both in conjunction with the Bretton Woods and related institutions and also relatively autonomously—is meaningfully different from one where the BWIs do their work unencumbered by alternative institutions. A dense, heterogeneous, pluripolar system of financial governance has the potential to promote experimentation and the deepening of networks, which may be of particular benefit to policymakers in smaller economies; more extensive policy autonomy; greater opportunities for inclusion of less powerful actors, not least through possibilities for forum shopping; wider scripted and unscripted institutional and policy innovation; more adequate mechanisms for delivering long-term development and infrastructure finance; better surveillance of crisis tendencies and quicker and more adequate responses to emergent crises (such as through liquidity provision); and more effective and autonomy-protecting strategies to ameliorate a crisis when it does in fact emerge. That none of these benefits are guaranteed does not amount to a sufficient indictment of the emerging constellation of institutions and policies. In the world of economic development, at least, we should keep in view what Hirschman argued so convincingly: guarantees are few and far between, and almost always illusory.

Hirschmanian Lessons . . .

Where does all this leave us? What are the implications for both development theory and practice, academic and applied economists, and for the BWIs? And what are the limitations and risks of institutional and policy incoherence in the domain of global financial governance in general and developmental finance in particular?

By now it should be evident that I am committed to the idea that development economics would be well served by a full appreciation of and engagement with Hirschmanian perspectives on economic development; social change; the role of development economists, practitioners, and institutions; and the influence of rhetoric in enabling or stifling beneficial reform. Reflecting Hirschman's commitments, I have attempted to make sense of the crosscutting and even what appear to be chaotic institutional and policy developments of the current period as productive. This follows from what I take to be a Hirschmanian understanding of the nature of

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development as largely consisting of unplanned processes of institutional change that entail perpetual experimentation yielding learning by doing and from others and pragmatic adjustment. Like Hirschman, we need to embrace more nuanced understandings of progressive social change as path dependent, contingent, and dependent on the evolution of economic and political institutions, practices, and norms as public and private actors respond to the myriad challenges and obstacles they face. Rejected here is the more common view of development as the asymptotic approach of real economies to the pristine models that economists have so long embraced. Development does not occur through the elimination of this or that key obstacle to the functioning of the market mechanism when it is seen to be undermined by some impediment or other. The challenge is to wean ourselves from the view that the most useful interventions emerge first on the economist's blackboard. Instead, useful innovations occur when economists and other development practitioners and civil society actors "muddle through," searching for solutions via unruly practices that appear to the fastidious economist in possession of a tidy, buttoned up worldview as irredeemably messy, insignificant, partial, and ad hoc.

Hirschman urges us to loosen the grip of grand theoretical accounts on our imaginations and conceptions of what is possible in the world we engage and on our interpretations of change. Emphasis is to be placed on epistemic inadequacy and on expert humility (DeMartino 2011). Freed from the narrative fallacy (Taleb 2007) that grand theory generates, the hope is that development economists will come to appreciate the unyielding complexity of the ever-evolving world. In the Hirschmanian vision, ignorance is to be recognized not just as restrictive but also as emancipatory since it substantially widens the field where opportunistic engagement might generate real advances.[3] Pushing back against grand theory allows us to recognize and helps to sustain meaningful change in prosaic, small, particular, context-dependent adjustments, the significance of which tends to be dismissed by the habit of theorizing real change only as systemic and complete, as an overhaul or displacement that entails the installation of new, expansive, consistent models of economic or social organization.

. . . And Hirschmanian Risks

But aren't there real dangers in a Hirschmanian world that comprises and is even defined by unscripted institutional and policy innovations? Aren't there substantial risks when decision making is relatively unconstrained by a coherent model that gives direction and provides criteria for distinguishing

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progress from regress? Lacking such a model, aren't decisionmakers prone to paralysis or, alternatively, to self-interested behavior for which they can't be held accountable owing to the absence of a consensus around the social good and the best means for achieving it?

The answer to all these questions is most certainly "yes." It needs to be emphasized that institutional heterogeneity and policy diffusion are hardly panaceas—neither in the domains of financial governance and developmental finance nor in the domain of development more generally. Instead, they are fraught with grave risks. In the context of a pluripolar financial governance architecture, one marked by policy and institutional diversity but also by inconsistency and contradiction, the old development economics conversation about how to ensure conformity with an overarching model—how to get to true Keynesianism, neoliberalism, structuralism, or democratic socialism—must give way to a new discussion about the acute challenges and even dangers facing development practitioners that derive from the relative autonomy of distinct actors. For the sake of exposition, I collect these risks under three headings: "innocent" spillovers, beggar-thy-neighbor strategies, and systemic risk.

"Innocent" but Damaging Spillovers

Development decisions made by one or more states or nonstate actors, fully in the spirit of experimentation and pragmatic adjustment to challenges and risks, may induce unintended spillovers that harm others. There are myriad examples in the domain of economic development, especially in a highly integrated world economy. Policy choices in one jurisdiction, pursued simply as means to address a domestic problem or in pursuit of legitimate, valued goals, may cause substantial disturbances abroad.

It would be disingenuous to claim that a system with greater policy autonomy would not generate substantial spillovers. But it is naïve to believe that *any* global regime, no matter how pristine or coherent, resolves this problem. All systems are fraught with anticipated and unanticipated spillovers—partly because of the complexity and interdependence of economic and social systems and partly because all economic and social systems constantly evolve in unanticipated and unpredictable ways.

Many spillovers may not be preventable. Alternatively, prevention may entail too high a price when measured in terms of forgone opportunities for development. Rather than seek to prevent all spillovers that are the consequence of increased policy autonomy, it is better to accept that new spillovers will continue to appear, which will need to be managed or ameliorated. The point is simple and yet important: the claim that a world

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of substantially increased institutional and policy autonomy will be characterized by unwelcome spillovers is not a compelling basis for rejecting autonomy since all regimes face this problem. Nor is it always useful to try to lay blame for emerging spillovers—as though such spillovers could be avoided if all countries behaved properly. They can't be.

The crisis of 2008 provides guidance in this connection. The extraordinarily expansive monetary policy undertaken by the United States and other AEs arguably represented a legitimate and even necessary (though by no means sufficient) response that reduced the degree of financial distress in those countries and beyond.[4] But that policy choice caused severe problems for many EMDEs. Rapid capital inflows generated asset price bubbles and inflation while at the same time inducing sharp currency appreciation that threatened trade performance and financial stability. In that context, is it useful to demonize the loose monetary policy in the AEs, *or* the consequent EMDE reliance on capital inflow restrictions, on grounds that either or both initiatives imposed an unacceptable risk for others? Or is it more reasonable to accept that states must perforce pursue strategies that in an integrated world will necessarily induce spillovers; that these strategies will evolve as the world economy evolves; and that multilateral institutions of financial governance, particularly the IMF, must be centrally concerned with anticipation, amelioration, and evenhanded discussion and management of these spillovers?

Beggar-Thy-Neighbor Policies

What I have called innocent spillovers can easily bleed into explicit beggar-thy-neighbor stratagems in the context of zero-sum scenarios where policymakers in one country engage in competitive innovations that are designed to or are likely to monopolize benefits while offloading risks and harms onto others. While there is always temptation to pursue such strategies, one could plausibly argue that the opportunities for beggar-thy-neighbor initiatives increase with the extent of institutional and policy autonomy. Indeed, the BWIs sought to constrain policy autonomy in substantial part to thwart the ability of states to design and implement such stratagems. The same can be said of the neoliberal regime, whose theoretical architects (if not the interested parties neoliberalism came to serve) saw in domestic and international market mediation of economic affairs the ascendance of enlightened self-interest of internationalism over the naked self-interest associated with nationalist impulses (see DeMartino 2000, especially introduction).

As with spillovers, it is naïve to think that coherent regimes avoid this problem. As many have by now argued convincingly, for instance, the

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"coherent" classical gold standard, the postwar Bretton Woods gold standard, and the post–gold standard dirty float regime all entail special privileges for the hegemons (the United Kingdom and the United States, respectively) at the expense of less powerful countries. In the same vein, global neoliberalism has been rightly derided by many critics for the degree to which it most benefits the AEs and very few EMDEs, and especially the economic elites and large industrial and financial firms within both types of countries, despite its purported neutral and fair rules of economic engagement. In this regard, neoliberalism exemplifies the kinds of power asymmetries that Hirschman worried about. The point is that the most coherent economic regimes of the past century have arguably been both nationalist (and, in the case of neoliberalism, elitist) in substance despite their internationalist form.

That said, those advocating Hirschmanian principles can't dodge the nationalist risks associated with a weakening of the authority of the institutions at the center of global financial governance. Especially today, in the wake of Brexit, and the election of Donald Trump as U.S. president and the strengthening of nationalist parties in Europe, it is not at all difficult to imagine a deglobalized world of increased autonomy marked by the proliferation of nationalist initiatives that generate economic and geopolitical rivalry and that challenge the legitimacy and threaten the effectiveness of the BWIs. I will argue momentarily that managing this problem—and the problem of innocent spillovers—ought to be among the principal responsibilities of the BWIs in a world of enhanced policy autonomy. Given the complexity of the problem, the BWIs will need to cultivate allies among new institutions and networks of financial governance, especially those across the EMDEs.

Systemic Risk

One could also argue that a world lacking tight, centralized, organized financial governance according to a theoretical script might be particularly prone to systemic risk emanating from the disconnected decisions of private and public actors. For instance, if in the context of looming instability national governments are relatively free to pursue risk-shifting strategies, we might expect locally rational crisis responses that generate regionally or even globally damaging outcomes. Productive redundancy could also generate uncertainties about crisis response and impair coordination when it is most necessary. Productive redundancy could also generate uncertainties such as over whether, when, and by whom support will be provided—especially during crisis moments, when policymakers and private actors are most in need of certainty. Forum shopping could very well exacerbate this problem.

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It is not self-evident, however, that the kind of global financial architecture now emerging would be prone to greater systemic risk. First, the fully coherent neoliberal project, with centralized monetary and financial authority, has proven itself to be particularly rife with systemic risk—indeed, more prone to risk than its Keynesian and statist predecessors. A lesson of the neoliberal period is that regimes with tightly coordinated and centralized financial governance pose substantial systemic risk. This is especially true when the system is largely designed to achieve just the one normative criterion of efficiency. Blackboard economics ought to warn us that efficiency of the sort neoclassical economists prize can only be achieved if all goes just as theorized, in the presence of a Walrasian auctioneer, as we have seen (see Crotty 2009; Kirman 2016). Increased risk follows from the closed-minded pursuit of perfection in a world that does not permit its achievement (Taleb and Blyth 2011; Best 2014; 2016). As DeMartino (2011) argues, in advancing the neoliberal prescription, an overconfident economics profession fell under the spell of the "maxi-max decision rule," which directs decisionmakers to pursue the highest possible payoff even when the probability of achieving it is minimal, and when the costs of failure are extreme. There are additional reasons why a fully coherent regime of monetary governance (were it achievable) would be prone to crisis, as we will see. It can be claimed with some assurance, then, that a decentralized, pluripolar, and even inconsistent regime of financial governance is not uniquely prone to systemic risk. Indeed, there is good reason to believe it is more robust as the burdens of responding to financial instability are borne by a greater number of actors marked by a diverse range of experiences, sensibilities, capabilities, and instruments.

That said, it is not my claim that a Hirschmanian world would be largely free of systemic risk. It would be better to presume the likelihood of systemic risk and to refocus attention previously targeted toward policy and institutional convergence around some presumed ideal toward emerging sources of risk with an eye toward devising a rich portfolio of strategies and a proliferation of networks of institutions to manage them.

Toward Hirschmanian Mandates

Innocent spillovers, beggar-thy-neighbor stratagems, and systemic risk are and will be features of all global economic regimes of financial governance. They are not unique to the emerging Hirschmanian world, but neither are they resolved by it.

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What new mandates arise for the existing and emerging institutions that are engaged in global financial governance and developmental finance? The Hirschmanian answer should by now be apparent. These institutions must facilitate the opportunity for wide-ranging unscripted experimentation at the local, national, and regional levels. If they are not successful in this mandate, they have little chance of promoting inclusive, sustainable, and relatively stable development. The institutions of global financial governance must also learn to better manage growth—attending to sustainability, stability, and equity—and not just crises. But, at the same time, institutions that provide project finance and liquidity support must look to anticipate and manage the cross-border transmission of unintended or undesirable spillovers and any sources of systemic risk that present themselves in a world of institutional and policy heterogeneity. In this world, policy autonomy at once mediates and is mediated by the need to prevent or ameliorate spillovers and systemic risk. A potential tension between autonomy and risk must be acknowledged as central to the development enterprise. The tension must be recognized and confronted by decisionmakers, but not by sacrificing either autonomy or risk prevention and amelioration. Instead, the mandate facing policymakers is to search for reasonable, evolving compromises that fit the shifting development contexts they face.

It is vital to note that in this scheme the salience and role of the BWIs are not diminished in the least. Instead, their roles are substantially reformed from what they were understood to be during the height of the neoliberal era. *Managing and protecting diversity rather than imposing homogeneity* is perhaps the most direct way of putting the matter. Rodrik (2011, 45) has effectively made the case for managing policy and regulatory diversity in the context of international trade: “The WTO should be conceived of not as an institution devoted to harmonization and the reduction of national institutional differences, but as an institution that manages the interface between different national systems.”

Rodrik does not tell us just how the WTO should manage the trade-off between autonomy and spillovers, and with good reason. There is no formula that lends itself to this problem, especially once we reject any simplistic criterion like efficiency to guide policy formation. Rodrik similarly argues that coordination and cooperation in the realm of financial governance should manage and protect national diversity, policy autonomy, and experimentation. Policymakers must be free to design strategies that are most suitable to their national economic and political conditions and institutional capacities.[5] More generally, Rodrik (2011, 205–206, 280) makes a case

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against global standards and global regulations. Instead, he makes a case for a "thin version of globalization," which accepts a collection of diverse national strategies whose interactions are regulated by a set of simple, transparent, and commonsense rules. In the same vein, the BWIs should look to balance the desirability of institutional and policy autonomy and the need for coordination to prevent spillovers and systemic risk. This is not an easy task, to be sure, but it is one that can be confronted with Hirschmanian sensibilities that recognize fundamental uncertainty and the consequent need for BWI support of experimentation, learning by doing, learning from others via new networks, the importance of making space for policymakers to engage in opportunistic problem solving (as per Hirschman's Hiding Hand), and pragmatic adjustments that are not constrained by fealty to any particular theoretical vision.

In the heyday of the neoliberal revolution, neoclassical economists argued that states could not and should not "pick winners" among sectors or firms. Government officials simply lacked the information necessary to direct the economy in that way. Instead, winners should and would emerge from fair competition among private market actors. Paradoxically, however, neoliberal social engineers were in fact and at the very same time picking winners among institutional forms and policy options. The Hirschmanian alternative (echoed by Rodrik 2011; see also Ellerman 2005) directs us instead to permit institutional and policy innovation, and to find out what works through the unending experience of trial and error.

Leading observers of the global financial governance architecture have begun to articulate visions for the BWIs that are consistent with this mandate. Ocampo has long argued that a reformed IMF should sit at the apex of a pyramid-like system in which it coordinates its strategies with the new and existing regional, subregional, and transregional institutions rather than dictate that they all march in lockstep, while also serving as a backstop in times of systemic crisis (e.g., Ocampo 2006, chap. 1; Ocampo 2010b; 2010c). More recently, Rajan has advanced the idea that the IMF, the G-20, or some other entity should evaluate national monetary and exchange rate policies in hopes of raising awareness of their unintended spillover consequences abroad, warn those that might be affected, and provide forums for the relevant parties to discuss alternative policies that might prevent or mitigate substantial harms for others (Rajan 2016a; 2016b). Relatedly, Spence has called for the IMF to play a role in coordinating diverse national policies (Spence 2010a).

In the view of some observers, the IMF is already beginning to redefine its mission in terms of a vague "new multilateralism" (Nissan 2015). The

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reorientation might entail just these kinds of coordinating roles, but they could be defined in ways that either protect autonomy and diversity or constrain them. In the context of newly assertive EMDEs, there is reason for hope that IMF thinking and practice will evolve in the former rather than the latter direction. At the same time, the proliferation of alternate forums is establishing new opportunities for knowledge sharing, coalition building, and relationship deepening that might ultimately prove more valuable than IMF reform in anticipating and responding to harmful spillovers associated with national policy autonomy. These include the G-20, the FSB, new networks of EMDE policymakers and finance officials, such as the BRICS, and other networks that are forming around and among the institutions discussed in chapter 6.[6] In this context, we should take note of the success of EMDEs in transforming the conversation around capital controls within the G-20 and the IMF. The EMDE intervention, still in its infancy, could generate constructive norms regarding which spillovers are and are not legitimate to impose on others, and what strategies are and are not required by those countries inducing the spillovers to ameliorate their effects.

The kind of shift envisioned here, away from the imposition of institutional conformance and toward the management of diversity, draws on distinct criteria for assessing policy and institutional innovations that are already emerging in the context of the erosion of neoliberal hegemony. I note in this regard the multifaceted criteria that are codified in the UN's SDGs. We find today greater emphasis on the goals of fairness, sustainability, targeting the benefits of economic growth toward those most disadvantaged, and genuine opportunities for participation by those largely excluded from decision making during the neoliberal era.[7] This normative transformation is long overdue. Equally important, the stultifying and exceedingly risky imperative to achieve efficiency, especially in the EMDEs, must give way to criteria that reflect humility about what economists can know and control (see DeMartino 2011). Development economists should seek institutional arrangements and policies that confer redundancy, resilience, and even antifragility (Taleb 2012). For instance, "excess" reserve accumulation by EMDEs is typically theorized simply as a cost associated with underdeveloped financial markets—as a deflection of funds away from efficient allocations or as a source of global imbalances. This one-sided view fails to recognize that large reserves carry the potential to generate greater stability and resiliency in the face of instability, which in turn permit greater policy autonomy. Outsized reserves may be a necessary cost to ensure greater space for perpetual learning and pragmatic adjustment even

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and perhaps especially in the face of a crisis. In addition, the one best way that the efficiency criterion imposes in the minds of development economists must give way to an affirmative commitment to the virtues of policy and institutional heterogeneity, which must be preserved even at the risk of some degree of spillover. To reiterate, spillovers must be anticipated and managed, to be sure, but in ways that don't undermine policy entrepreneurship or Hirschmanian experimentation.

These criteria may help us to view pluripolarity in a new light. Rather than focus simply on its potential inefficiencies and inconsistencies, we should understand that pluripolarity is a vital means to achieve important development goals. First, pluripolarity can be a vehicle for giving voice to nations that have largely been silenced within the BWIs; not least, pluripolarity can enhance their bargaining power. At the same time, the proliferation of new institutions of financial governance provides an opportunity for capacity building as EMDE practitioners develop their ability to manage their affairs and to represent their national interests at the BWIs. Proliferation also facilitates forum shopping so that states that cannot secure adequate voice in the BWIs can at least partially escape the BWIs' orbit of influence. All of this is potentially conducive to the enhancement and sustenance of policy autonomy.

It bears repeating that pluripolarity, with its overlapping architectures of financial governance, generates institutional density that may yield robustness and antifragility. This kind of architecture may entail greater opportunity for rapid, appropriate, innovative responses in times of instability and crisis that better meet the acute and long-term needs of member states. Pluripolarity might generate institutions with greater capacity to adjust effectively to changing circumstances and challenges than is exhibited by large, centralized institutions. Institutional nimbleness was already becoming apparent during the crisis of 2008, despite the relative immaturity of many of the new institutions that were called on to provide assistance and stability. There is good reason to hope for improved performance over time in these respects, as the fledgling and maturing institutions surveyed in chapter 6 continue to expand their capacities, missions, and the trust of their members.

Finally, pluripolarity has the potential to facilitate experimentation to a degree that is typically unattainable when the financial architecture is organized around a central authority that is driven in turn by a uniform ideology. The two can and often do go together. Unipolarity of institutions and authority lends itself to the embrace of an organizing theoretical vision that ensures consistency across the strategies it employs and across

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its vast regions of influence. There is no doubt that the vision can simplify the work of policymakers, but the cost can be and generally is a failure to achieve the goal of genuine, inclusive, sustainable development. Achieving that goal may require a loosening of the institutional and ideological grip of unipolarity, and substantial relaxation of the fastidiousness that requires deep uniformity and extensive harmonization.

In my view, the chief lesson of the neoliberal era and the series of crises it induced is not just that one policy regime, be it neoliberalism or some competitor, is inappropriate for all contexts (as argued in, for example, Chang 2002b; 2007; 2012; 2014; Chang and Grabel 2014[2004]; DeMartino 2000; Rodrik 2007–2008; 2009b; 2011). That is certainly true, as even many mainstream development economists now understand. The chief lesson may be that placing just one institutional complex at the center of global financial governance and developmental finance puts too much demand on it; gives it too much power to shape policy but also to influence preferences of subordinate actors; constrains pragmatic adjustments and experimentation; and substantially amplifies the effects of any of the inevitable mistakes that it will make. Centralized institutional authority also risks closed-minded, discouraging, dangerous "there is no alternative" thinking that prevents learning by doing since there's only one principal doer, doing only one principal thing—especially, as is so often the case, when its work is driven by some totalizing "ism" or other.

A Closing Thought

The dismissal of recent and ongoing changes in global financial governance and developmental finance that I have explored here can have real, concrete effects. As Hirschman argues so forcefully in his insightful work on rhetoric, how social scientists theorize and speak of the world influences that world (Hirschman 1991; see also Hirschman 1965; 1967b; 2013[1971]). Our rhetorical choices and scholarly dispositions—whether we search for possibilities or let ourselves be buried in obstacles—can enable and encourage or prevent genuine human progress. For Hirschman, a "passion for the possible" is recognized as a "vital actor" in the development enterprise (Hirschman 2013[1971], 30; see also Hirschman 2013[1970], 147; Adelman 2013a, xii).

Guided by Hirschman, I interpret contemporary developments as propitious for the reorientation of development thinking and practice, reorientation away from practice driven by faithfulness to an overarching model and toward practice that features what I have called throughout the book

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unscripted innovations that do not cohere around any particular model and that arise in the context of persisting and emerging challenges. This model of development is uncomfortable and unruly, to be sure. Hirschman would have us push past our professional impulse toward theoretical closure and systemic engineering so that we can instead embrace the small, the ad hoc, the context-dependent, and the experimental as perhaps the only avenue toward genuine development.

Today we look out on a decidedly unsettled world. It is marked by substantial shuffling in regional and global economic, political, and geopolitical alignments, such as Brexit; rising nationalism in some contexts alongside resurgent neoliberalism in others; hostility by the Trump administration toward international organizations and networks and the public goods they provide; enduring macroeconomic imbalances; escalating economic inequalities that in some countries are reaching historic proportions; and climate change. At the same time, a recurrent confluence in EMDEs of weak commodity prices, slowing economic growth, instability of international capital flows, currency fluctuations, and high leverage rates threatens renewed volatility and even crisis. These developments represent severe challenges that the emerging global financial governance architecture will be asked to manage. By now it is both prudent and sensible to assume that there will always be new financial crises and that the most vulnerable nations and economically disadvantaged and politically disenfranchised groups within them will bear the heaviest burdens.

The Hirschmanian regime now emerging provides no guarantees against crises. *We should always expect things to fall apart*. The chief test of the Hirschmanian regime, then, will be neither whether it can prevent all financial crises nor how well it does in responding to the next crisis. The chief test will be whether it permits and indeed encourages learning, problem solving, pragmatic adjustments, and autonomy in the face of successes and failures in the context of an ever-evolving torrent of challenges. There is good reason to hope that it will. In my view, much depends on whether, when the challenges hit, the myriad institutions and networks that are now emerging across the globe respond in the spirit of Hirschmanian possibilism.

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