

## Brazil Wants More Power for Emerging Countries and a New Bretton Woods

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The Brazilian government is going to propose a "Bretton Woods II" at the summit of heads of state and government of the G-20 in Washington next Saturday. The country is referring to the international agreement from July 1944 that established the regulations and multilateral financial institutions that are in operation today.

According to the Brazilian proposal, disclosed on Sunday, November 9, after the meeting of Finance ministers and central bank governors of the bloc, in São Paulo, in which the financial crisis was discussed, "the existing international forums and organizations, as well as the international rules and practices that are in use have shown themselves insufficient."

According to the text, these rules and organizations "have failed in the test of history" and it is necessary "to start immediate negotiations to redefine the international financial system".

In this respect, Brazil suggests proceeding with reforms of the International Monetary Fund (IMF), granting greater power to emerging nations and choosing managers in open processes and without nationality restrictions. The same may be said about the World Bank, according to the proposal.

The country also wants the institutional strengthening of the G-20, with its transformation into a forum of heads of state and government, different from its current format, in which it is ministerial; priority for deliberation with practical results in terms of public policies; promotion of at least two meetings of the bloc each year, prior to the meetings of the IMF and World Bank; the possibility of calling extraordinary meetings, as was the case this year; and the creation of a virtual "situation room" in which information and real time answers to crises may be exchanged.

Brazil also proposes that the Financial Stability Forum (FSF), which currently does not include emerging countries, start including this participation, or else it runs the risk of recommendations not being adopted due to lack of legitimacy.

In the area of regulation and inspection of the international financial system, Brazil elaborated a series of proposals based on the principles of representativeness and legitimacy of international financial institutions; effectiveness of instruments in these organizations to deal with contemporary challenges; correction of insufficiency of supervision and regulation of markets; collective actions among countries; good governance of domestic markets; the empowering of agents to avoid risk transfer from one country to another; transparency of information; and the creation of mechanisms for prevention of crises.

Brazil also defends the adoption of anticyclic policies to reduce the effects of the crisis, like the unbarring of credit and the relaxation of monetary and fiscal policies.

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