


# Chapter 2

## Unlocking Potential: Overcoming Structural Reform Roadblocks in International Economic Governance

Özden Sevgi Akıncı

 <https://orcid.org/0000-0002-9250-4446>

*Independent Researcher, Turkey*

### ABSTRACT

*Focusing on the International Monetary Fund, the study underscores the profound impact of the international institutions on the global economy and the interconnected nature of their operations. It emphasizes overcoming common barriers to reform, such as disparities in representation and decision-making power, to promote more inclusive and effective governance. Reform of the international institutions is essential to prevent or mitigate global crises and to promote equitable and sustainable development worldwide. A comprehensive literature review was conducted, followed by data interpretation through visual analysis, observation, and evaluation. The findings were subjected to an assessment, after which recommendations were presented. The study concludes with a call for structural reforms to enhance the resilience, responsiveness, and fair distribution of electoral power. This would facilitate effective structural reforms and promote sustainable economic development.*

### INTRODUCTION

The International Monetary Fund (IMF) has long been a central pillar in the global economic architecture, with a mandate to promote international monetary cooperation and ensure financial stability. However, over the decades, the IMF's role has under-

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gone a significant transformation, giving rise to critical discourse surrounding its efficacy and the necessity for substantial reforms. A review of the literature reveals a consensus among scholars and policymakers on the necessity of comprehensive reforms within the IMF. Notable critiques include Stiglitz's (2010) advocacy for deep structural changes, Helleiner's (2011) call for more inclusive governance, and Truman's (2010) emphasis on enhanced surveillance and expanded functions for the IMF. These critiques identify systemic deficiencies that impede the institution's capacity to effectively safeguard global financial stability and address contemporary economic challenges. As a consequence of the increasing interconnectedness of the global economy, the governance structures of the IMF have been subjected to intensifying scrutiny. The historical legacies of colonialism and imperialism have exerted a profound influence on the current governance framework, resulting in the disproportionate representation of certain countries and the inadequate inclusivity of developing nations. This imbalance has given rise to debates concerning the legitimacy of the IMF's decision-making processes, particularly in the context of its interventions in economically distressed countries.

This study aims to contribute to the ongoing discourse surrounding the IMF's governance structure by providing a detailed analysis of the current issues and proposing actionable reforms. To this end, a comprehensive literature review was conducted, and methods such as visual analysis, observation, and evaluation were employed. The study identified key areas where the IMF's governance structure can be improved. The findings highlight the necessity of reallocating quotas, increasing basic votes, and establishing group voting systems to enhance the representation and decision-making power of developing countries. These recommendations are essential for aligning the IMF's governance practices with the evolving economic realities of the 21st century, ensuring that it can effectively support the diverse needs of its member countries.

Furthermore, the study examines how past financial crises, including the East Asian Crisis and the 2007-2009 Global Financial Crisis, have illustrated the limitations of the IMF's traditional methodologies. These crises underscored the need for a more agile and flexible IMF, equipped to tackle the unique challenges posed by member countries in an increasingly volatile global economy. In addition, the study will present a succinct examination of particular case studies for Argentina and Türkiye, elucidating the triumphs and shortcomings of IMF programs and reinforcing the case for comprehensive governance reforms.

Although the study proposes specific reforms designed to enhance transparency, inclusivity, and equitable representation within the IMF, it also acknowledges the significant challenges to implementing these reforms. The study identifies three significant obstacles to implementing the proposed reforms: political resistance, institutional inertia, and the complexities of achieving consensus among member

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