

PUBLIC BANKS AND COVID-19

COMBATting THE PANDEMIC WITH PUBLIC FINANCE

Edited by

David A. McDonald, Thomas Marois
and Diana Barrowclough

An accompanying interactive website with additional public bank profiles can be found at **PublicBanksCovid19.org**.



Copy editor: Vicky Anning
Design and Layout: James Adams

Published by: Municipal Services Project (Kingston), UNCTAD (Geneva) and Eurodad (Brussels), 2020.

ISBN:

E-book: 978-1-55339-668-0

Print: 978-1-55339-669-7

URI: <http://hdl.handle.net/1974/28139>



This publication and its separate chapters are licensed under a Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 (CC BY-NC-ND 4.0). You may copy and distribute the document, in its entirety or separate full chapters, as long as they are attributed to the authors and the publishing organisations, cite the original source for the publication, and use the contents for non-commercial, educational or public policy purposes. 2020.

Acknowledgements

We would like to acknowledge the work of all the authors in this volume, who managed to produce excellent papers in a very short period of time under difficult circumstances. We would also like to thank Vicky Anning, who did a remarkable job copyediting a large number of diverse papers in short order, and James Adams for the excellent design and layout work. Thanks also to Adriana Sofia Diaz Fuenmayor for her assistance with the proofreading. Partial funding for this project has come from the Social Sciences and Humanities Research Council of Canada (SSHRC), with additional financial support from the European Network on Debt and Development (Eurodad) and the United Nations Conference on Trade and Development (UNCTAD).

The **Municipal Services Project (MSP)** is a global research network that explores alternatives to the privatization and commercialization of service provision with a focus on analyzing successful public service delivery models in an effort to understand the conditions required for their sustainability and reproducibility. Learn more at www.municipalservicesproject.org.

The **United Nations Conference on Trade and Development (UNCTAD)** was established in 1964 as a permanent intergovernmental body of the United Nations. It is the focal point in the United Nations Secretariat for the integrated treatment of trade, investment, finance and development issues. Learn more at www.unctad.org.

Eurodad – the European Network on Debt and Development – is a network of 49 civil society organizations from 20 European countries. It works for transformative yet specific changes to global and European policies, institutions, rules and structures to ensure a democratically controlled, environmentally sustainable financial and economic system that works to eradicate poverty and ensure human rights for all. Learn more at www.eurodad.org.

TABLE OF CONTENTS

Chapter 1	1
Introduction: Public Banks Matter at a Time of Covid-19 <i>Diana Barrowclough, Thomas Marois And David A. Mcdonald</i>	
Chapter 2	27
Reclaiming Public Development Banks to Finance a Sustainable and Equitable Recovery Post Covid-19 <i>María José Romero</i>	
Chapter 3	51
The Covid-19 Crisis as an Opportunity to Break with the Failing Global Microcredit Industry <i>Milford Bateman</i>	
Chapter 4	85
Coronavirus and The Evolving Roles of Central Banks: Avoiding A “Climate Minsky Moment” <i>Diana Barrowclough</i>	
Chapter 5	113
The Council of Europe Development Bank and Covid-19 <i>Oscar Reyes</i>	
Chapter 6	135
The Role of the European Investment Bank in Times of Covid-19 <i>Judith Clifton, Daniel Díaz-Fuentes, David Howarth And Helen Kavvadia</i>	
Chapter 7	149
The KfW and Covid-19: Coordinating Public Finance Responses at Home and Abroad <i>Thomas Marois</i>	
Chapter 8	171
The “Bank Of Welfare” and Mexico’s Moral Economy <i>Nadine Reis</i>	
Chapter 9	193
Public Banks and India’s Ineffective Covid-19 Crisis Response <i>C. P. Chandrasekhar</i>	

Chapter 10	211
Argentina's Countercyclical Credit Policy Response: Macroprudential Regulation and Public Bank Credit During Covid-19	
<i>Alfredo Schclarek Curutchet</i>	
Chapter 11	221
National and Multilateral Development Banks During The 2020 Pandemic: The Role Of IADB and CDC During the First Phase of Covid-19	
<i>Marco Carreras And Stephany Griffith-Jones</i>	
Chapter 12	249
The Role of Public Credit Programmes in Mitigating the Economic Effects of the Covid-19 Pandemic: Brazil's Experience	
<i>Alberto De Oliveira</i>	
Chapter 13	283
The Public Banks and People's Bank of China: Confronting Covid-19 (If Not Without Controversy)	
<i>Godfrey Yeung</i>	
Chapter 14	295
Covid-19 and Measures to Support Enterprises and Local Authorities in Italy: the Role of Cassa Depositi E Prestiti	
<i>Daniela Vandone, Marco Frigerio, Carlotta Zatti And Dalya Bakry</i>	
Chapter 15	311
Public Banking in Pandemic Times: Portugal's Caixa Geral De Depósitos	
<i>Victoria Stadheim</i>	
Chapter 16	333
Turkey's Public Banks Amid the Covid-19 Pandemic	
<i>Ali Rıza Güngen</i>	
Chapter 17	353
Covid-19 and Public Banks in the United States: a Moment of Opportunity?	
<i>Ellen Brown</i>	
Chapter 18	361
South-South Public Finance: a Rapid Review of Cooperation and Resilience to Face Covid-19	
<i>Diana Barrowclough</i>	

PUBLIC BANK ASSOCIATION STATEMENTS

Chapter 19	375
The Impact of Covid-19 on AADFI Members	
<i>Association Of African Development Finance Institutions</i>	
Chapter 20	383
The Impact of Covid-19 on ADFIAP Members	
<i>Association Of Development Financing Institutions In Asia And The Pacific</i>	
Chapter 21	391
EAPB Statement on the Role of Public Banks in the Context of the Covid-19 Crisis	
<i>European Association Of Public Banks</i>	
Chapter 22	411
Responses of Latin American Development Banks to the Economic Crisis Precipitated by Covid-19	
<i>Latin American Association Of Development Financing Institutions</i>	

ABOUT THE AUTHORS

Dalya Bakry holds a Master's in Finance and Economics from the University of Milan, where she is a teaching assistant in microeconomics, macroeconomics and contemporary economic issues. She also graduated from the Department of Economics at the British University in Egypt with Distinction.

Diana Barrowclough is a Senior Economist at UNCTAD, where she is a co-author of the *Trade and Development Report* and leads research on development finance and industrial policy. She holds a PhD in Economics from the University of Cambridge, UK and M.A in Economics from the University of Auckland, N.Z.

Milford Bateman is a Visiting Professor of Economics at Juraj Dobrila at Pula University in Croatia, Adjunct Professor in Development Studies at Saint Mary's University, Halifax, Canada and Associate Researcher at FINDE, Fluminense Federal University (UFF), Rio de Janeiro, Brazil.

Ellen Brown is a US attorney, founder of the Public Banking Institute in California and a Senior Fellow at the Democracy Collaborative. She co-hosts a radio programme on the Progressive Radio Network PRN.FM called *It's Our Money*.

Marco Carrerras is an economist working on development issues with a focus on development banks, agricultural economics, energy and corporate taxation. He holds a PhD in Science Technology and Innovation from the University of Sussex, UK, and is a Research Officer at the Institute of Development Studies in Brighton, UK.

C. P. Chandrasekhar was a Professor at the Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi, India. He is a regular columnist for *Frontline*, *Business Line* and the *Economic and Political Weekly*.

Judith Clifton is Professor and Founding Director of the Jean Monnet Chair on EU Studies at the University of Cantabria, Spain and Principal Investigator of Disruptive Technologies in the Public Sector, TOKEN. Her areas of expertise are public services and their transformation.

Alberto de Oliveira is an economist with a PhD in Urban and Regional Planning. He is Professor at Universidade Federal do Rio de Janeiro, Brazil, and has been a visiting scholar at the Institute of Urban and Regional Development at the University of California, Berkeley. He also worked at SEADE Foundation, which is the institution responsible for supporting the São Paulo State Planning Department.

Daniel Díaz-Fuentes is Full Professor of Applied Economics at Universidad de Cantabria, Santander (Spain) and Visiting Fellow at Oxford University's Department of International Development. He is Director of the Inter-university MSc in Economics and the PhD in Economics jointly offered by the universities of Cantabria, Oviedo and the Basque Country.

Marco Frigerio is Research Fellow of Banking and Finance at the Department of Economics, Management and Quantitative Methods at the University of Milan. He holds a PhD in Economics, Markets, Institutions from the Institutions, Markets, Technologies (IMT) Lucca Institute for Advanced Studies. His research interests are in financial economics, development banks, monetary economics and international finance.

Stephany Griffith-Jones is Financial Markets Director at the Initiative for Policy Dialogues at Columbia University, New York, and Emeritus Professorial Fellow at the Institute of Development Studies at Sussex University, UK. She is an Honorary Fellow at Climate Works and Non-Resident Fellow at the Center for Global Development.

Ali Rıza Güngen is a visiting Assistant Professor at York University, Canada. He received his PhD from the Middle East Technical University and has published extensively on the financial transformation and political economy of Turkey. His research currently focuses on dependent financialization, public banks, financial inclusion and sovereign debt management across the global south.

David Howarth is Professor of Political Science at the University of Luxembourg, and a former Jean Monnet Chair at the University of Edinburgh. His research focuses on European political economy and specifically financial regulation and economic and monetary union.

Helen Kavvadia is Researcher in Residence at the Institute of Political Science, University of Luxembourg. Prior to this, she was a Senior Adviser at the Communications Department of the European Investment Bank. She holds a PhD in Economics and Political Science from the Panteion University in Athens.

Thomas Marois is a Senior Lecturer of Development Studies at SOAS, University of London, a Senior Research Fellow in Patient Finance and Banking at the University College London (UCL) Institute for Innovation and Public Purpose, and a Research Associate with the Municipal Services Project. His research focuses on public banks and decarbonization, definancialization and democratization.

David A. McDonald is Professor of Global Development Studies at Queen's University, Canada. He is founder and director of the Municipal Services Project, a research initiative that explores progressive and innovative public service delivery models from around the world.

Nadine Reis is a human geographer and sociologist. She holds a PhD in development sociology from the University of Bonn, Germany and is a Research Professor at the Center for Demographic, Urban and Environmental Studies (CEDUA) at El Colegio de México. Her current research focuses on financialization and urbanization in Latin America.

Oscar Reyes is an Associate Fellow of the Washington-based Institute for Policy Studies. He is a freelance writer and researcher focusing on climate and energy finance, the Green Climate Fund, carbon markets, environmental and economic justice.

María José Romero is a PhD candidate in Development Economics at SOAS, University of London, and is the Policy and Advocacy Manager on development finance at the European Network on Debt and Development (Eurodad) in Brussels. Previously she worked at the secretariat of the Latin American Network on Economic and Social Justice in Peru and the Third World Institute in Uruguay.

Alfredo Schclarek Curutchet is Associate Researcher at the National Scientific and Technical Research Council, Argentina (CONICET) and Assistant Professor at the National University of Córdoba, Argentina. He specializes in macroeconomics and development finance and has published widely on the topic. He holds a PhD in Economics from Lund University, Sweden.

Victoria Stadheim is a Lecturer in Political Economy at the University of Winchester, UK, and a Research Associate at SOAS, University of London (where she obtained her PhD). Her research interests include recessions and capitalist restructuring, the Covid-19 pandemic, neoliberalism and financialization.

Daniela Vandone is Full Professor of Banking and Finance at the University of Milan. Her research interests are in the economics of financial markets and intermediaries, with a focus on microeconomics of financial intermediaries, financial regulation at a European level, financial investments and risk management.

Godfrey Yeung is Associate Professor of Economic Geography at the National University of Singapore. His research interests include foreign direct investment, international trade and production networks, financial geographies and regional development in China.

Carlotta Zatti holds a Master's in Finance and Economics from the University of Milan. She specializes in the field of financial economics, providing quantitative skills coupled with theories of finance and economics.

Public Bank Associations

The **Association of African Development Finance Institutions (AADFI)** represents more than 60 public financial institutions with the objective of promoting economic and social development in Africa throughout cooperation among banks and financial institutions.

The **Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)** is the focal point of all development banks and other financial institutions engaged in the financing of development in the Asia-Pacific region. Its mission is to advance sustainable development through its members. Founded in 1976, ADFIAP currently has 87 member institutions in 36 countries.

The **Latin American Association of Development Financing Institutions (ALIDE)** is the international organization that represents Latin American and Caribbean development banking. It was created in 1968 and represents 42 public banks in 22 countries in the region, with permanent headquarters in Lima, Peru.

The **European Association of Public Banks (EAPB)** is the voice of the European public banking sector, representing over 90 financial institutions. EAPB members are national and regional promotional banks, municipality funding agencies and public commercial banks across Europe.

