International Economic Policy | 3. International money and finance

'When the United States sneezes, the rest of the world catches a cold.' —Old saying in financial markets

'The dollar is our currency, but it's your problem." —US Treasury Secretary John Connally, 1971

1. A summarizing triad: power, money, welfare

This course can be reduced to a basic international (global, world) exploration of three concepts (the first one was briefly covered in the immediately preceding notes; this third instalment deals with the second one).

- Power. This concept focuses attention to the political dimension of interstate interaction, namely, geopolitics (how global power is distributed among states).
- Money. This concept captures the economic dimension of interstate interaction: geoeconomics and the international financial organization (or lack of it). As distinguished from global power (which is essentially exercized by governments), private actors (global banks, hedge funds, multinational corporations…) play an important in global finance. As regards governments, there is also a strong interdependence between the endowment of global power and the influence in global finance (it is not by chance that the dollar, the currency of the global hegemonic power, is in practice *the* world currency nor that US government bonds are considered one of the safest financial investments in the world).
- Welfare. This concept mixes political, economic and social dimensions: what sustains and expands global welfare? In particular, how much does global integration, and global policy coordination, contribute to global welfare (perhaps through a better political and economic organization of the world: peace, democracy, economic development, global solutions to global problems)?

2. Last global shocks: 9-11 attacks, 2008 global financial crisis, 2020 Covid-19 health crisis

Each of the last three global shocks appears to be strongly linked, at least in the first stages of the shocks, with one of the elements of the triad.

- 9-11 attacks (2001). These attacks can be viewed as a geopolitical shock: they constitute a response motivated by dissatisfaction with how the US exercized politically its hegemonic powers. The attacks represented a challenge to the world international order. At the time, it appeared that the attacks would change everything – twenty years after, not much appear to have really changed (the hegemon crushed dissenting voices: Iraq, Libya, Afghanistan…)
- 2008 global financial crisis. The crisis (see references below) showed the fragility and vulnerability of the international financial system. Paradoxically, the currency of the global dominant power (the dollar) did not lose its status as a global curency: despite the 2001 geopolitical shock and the 2008 financial meltdown, the dollar remains triumfant as a global reserve currency and foreign financial investment in the US may have even be reinforced.

- Covid-19 pandemic. This global shock appears to hit mainly and directly both global integration and global welfare. At the first stages, the global response offers no surprise: lack of international coordination and solidarity. This suggests that another global problem will be dealt with nationally: mostly uncoordinated domestic policies will magnify the adverse welfare effects of the health crisis. Domestically, the consequences of the ongoing outbreak and the policies to respond to the future uncertainties will most likely increase inequalities and the welfare gap between the most and the least privileged citizens. (The impact on welfare and integration depends strongly on currently big unknowns: will the covid-19 be recurrent?; will an effective, affordable treatment be found?; how would geopolitical and global financial structures be altered as a result of the pandemic?)

[A bit contrived illustration of the above three kinds of shocks for those who have seen the last three Star Trek movies, from 2009, 2013 and 2016.

• The story of the 2009 movie is based on a brutal, external attack, much like the 9-11 event (the final episode of Season 2 of the TV series Star Trek: Enterprise is a much evident example): a visitor from the future destroys whole planets in response to a loss caused by unfulfilled promises from the interplanetary hegemon, the United Federation of Planets.

• The 2013 movie plot can be reduced to how to deal with a plague: which are the consequences of having genetically enhanced humans around? (Like any pandemic, genetic enhancement separate people in two groups: those who profit —and profit quite a lot— from it, and those who do not.) The basic consequence the movie explores is giving up integration with other alien empires: genetically enhanced humans offer a good opportunity to prefer conducting a pre-emptive strike against a strong alien empire instead of, pursuing the principles of the United Federation of Planets, favour harmony, collaboration and peaceful integration.

• An interpretation of the 2016 movie is that it is about paying debts. The storyline is similar to the 2009 movie, with the difference that now the threat is internal: authorities have not compensated well or enough those who have made sacrifices for the common good (not receiving a fair compensation can be perceived as exploitation —and finance offers great oportunities from exploiting others through excessive debt, speculation or privileged access to funds).]

3. Basic topics and issues on global finance

The following is a selection of topics and issues related to the international monetary and financial order (IMFO).

(i) Who benefits from the IMFO?

- The US appears to be the greatest beneficiary of the system. There is a snowball effect: geopolitical power allows the US to strongly influence the rules and working of the IMFO, which in turn reinforces the US geopolitical position. In particular, the dollar, as a global reserve currency, is said to enjoy an ‘exorbitant privilege’.

• The IMFO has a rich-country bias. Financial flows tend to go from poorer to richer countries, as the poorer countries need to accumulate strong foreign reserves, which typically correspond to rich-country currencies (dollar, euro, yen, pound sterling). The rules of the IMFO have also been dictated by the richer countries and they are reluctant to change them in favour of the interest of the poorer countries. Is then the IMFO inequitable? (Rich countries are interested in preserving the international preeminence of their currencies because that preeminence allows them to consolidate the privileged position against the poorer countries.)

• The IMFO has a surplus-country bias. As countries running current account surpluses are not interested in reducing those surpluses, any adjustment in global imbalances must be conducted by deficit countries. Those adjustments tend to be painful for the development and growth prospects of those countries, which reinforces their position as foreign deficit countries.

(ii) What forces tend to make the IMFO less stable?

• There is no coordinated global mechanism to prevent the emergence of global imbalances nor to handle them. Specifically, the IMFO currently allows the US to run any current account deficit level apparently indefinitely. The question is then whether the IMFO is a systematically unbalanced system whose balance is only restored through some global crisis?

• Triffin and related dilemmas. These dilemmas express the tension between liquidity and stability of the IMFO: the conditions required for liquidity to expand to meet the global demand for liquidity of a growing global economy appear to be, eventually, inconsistent with the conditions ensuring the stability of the IMFO (that international actors trust enough the global currency in which global liquidity is created).

[Triffin general dilemma (Tommaso Padoa-Schioppa, 2010): "The stability requirements of the system as a whole are inconsistent with the pursuit of economic and monetary policy forged solely on the basis of domestic rationales". The US uses its status to its own advantage, and the rest must bear the costs of the global effects the US decisions cause.]

• The fact that the IMFO supports and is supported by the geopolitical structure connects the fated of both the world political order and the IMFO. Anything affecting the former will then affect the latter.

• Heterodox economic thinking regards financial activity as inherently unstable and destabilizing. Hyman Minsky's financial instability hypothesis is summarized by the motto 'Stability is always destabilizing'. Hence, if the financial sector creates trouble domestically, one cannot but expect that enlarging the scale of the financial sector (by connecting and integrating domestic financial markets) will magnify the destabilizing forces. Global financial crises seem to be a recurrent, not an episodic, phenomenon.

• Another potential source of instability is the rise of private global finance. Financial integration and the expansion of international financial markets have removed

considerable financial power (and ability to control and regulate) from states. In fact, the main actors in global finance are no longer states.

(iii) How fair is the status of the dollar in the IMFO and which are the prospects for the rise of a multipolar currency system?

- The dollar is the de facto international currency and world's reserve currency. This implictly grants the US central bank (the Federal Reserve, 'the Fed') powers as a global central bank. The Fed's decisions increase the tensions associated with the Triffin and related dilemmas: the Fed responds to domestic needs and disregards the global impact of its response. Nothing good can be expected from this mismatch: to handle global financial problems relying exclusively on domestic considerations.

- The strong link between the IMFO and the geopolitical order makes it more difficult for the dollar to be replaced as the main global currency: for a country to make its currency a global currency, the country must become geopolitically hegemonic. There is also a network effect: the higher the number of countries conducting international transactions in a given foreign currency, the more difficult it is for a rival currency to replace the current dominant currency.
- It follows from the above that, at least for a couple of decades, the dollar is unlikely to be replaced as the de facto world currency (the euro and the renminbi are, as of now, weak challengers). Only a global, intense shock might accelerate a transition (like the two world wars in the 20th century, which allowed a quick replacement of the British pound by the US dollar). A more likely alternative is the emergence of strong regional currencies (for example, the renminbi could become the Euroasiatic reserve currency; if China had not risen in the last 40 years, that role could have been played by the euro).

(iv) What is the role of central banks in the IMFO and what should it be?

- It is not only the Fed that has a strong global financial influence. The new powers that, in response to the 2008 financial crisis, many central banks have accumulated, and the fact that they have increased their coordination, have transformed central banks into powerful international financial actors. How wisely are they going to use that power?

(v) How much international policy coordination is there?

- The historical record suggests that policy coordination is exceptional. Lack of coordination is the norm. The rare coordination episodes are forced by circumstances: coordination tends to occur in the presence of some severe global shock.

- Moreover, the existing international monetary and financial institutions appear to be subordinated to US interests (or, at least, the interests of the richer countries).

4. Bibliography

Books with an asterisk * are edited volumes: for these books you could restrict attention to one, or a few, contributions.

• Textbooks and handbooks

Brandimarte, Paolo (2018): *An introduction to financial markets. A quantitative approach*, Wiley, Hoboken, New Jersey.

Buckley, Adrian (2012): *International finance. A practical perspective*, Pearson, Harlow, UK.

Caprio Jr, Gerard; ed. (2013): *Handbook of key global financial markets, institutions, and infrastructure*, Elsevier, London.

Davidson, Alexander (2009): *How global financial markets really work. The definitive guide to understanding international investment and money flows*, Kogan Page, London.

Eakin, Stanley G.; Frederic S. Mishkin (2016): *Financial markets and institutions*, 8th edition, Harlow, UK.

Fabozzi, Frank J.; Frank J. Jones (2019): *Foundations of global financial markets and institutions*, 5th edition, MIT Press, Cambridge, MA.

Krugman, Paul R.; Maurice Obstfeld; Marc J. Melitz (2018): *International finance. Theory and policy*, Pearson, Harlow, UK.

Makin, Anthony J. (2017): *International money and finance*, Routledge, London and New York.

Salvatore, Dominick (2013): *International economics*, 11th edition, Wiley, Hoboken, NJ.

Valdez, Stephen; Philip Molyneux (2016): *An introduction to global financial markets*, 8th edition, Palgrave, London.

• Rise of finance and global finance

Abdelal, Rawi (2007): *Capital rules. The construction of global finance*, Harvard University Press, Cambridge, Massachusetts.

Allen, Larry (2001): *The global financial system 1750-2000*, Reaktion Books, London.

Cassis, Youssef (2006): *Capitals of capital. A history of international financial centres 1780-2005*, Cambridge University Press, New York.

Čaušević, Fikret (2020): *Global financial centers, economic power, and (in)efficiency*, Palgrave Macmillan, Cham, Switzerland

Chesnais, François (2016): *Finance capital today. Corporations and banks in the lasting global slump*, Brill, Leiden and Boston.

Chorafas, Dimitris N. (2015): *Financial cycles. Sovereigns, bankers, and stress tests*, Palgrave Macmillan, Basingstoke, UK.

Chwieroth, Jeffrey M. (2010): *Capital ideas. The IMF and the rise of financial liberalization*, Princeton University Press, Princeton, New Jersey.

Flandreau, Marc; Fédéric Zumer (2004): The making of global finance 1880-1913, OECD, Paris.

Friesen, Elizabeth (2012): *Challenging global finance. Civil society and transnational networks*, Palgrave Macmillan, Basingstoke, UK.

Guttmann, Robert (2016): *Finance-led capitalism. Shadow banking, re-regulation, and the future of global markets*, Palgrave Macmillan, Basingstoke, UK.

Krippner, Greta R. (2011): *Capitalizing on crisis. The political origins of the rise of finance*, Harvard University Press, Cambridge, Massachusetts.

*Murray, Georgina; John Scott; eds. (2012): *Financial elites and transnational business. Who rules the world?*, Edward Elgar, Cheltenham, UK.

Navidi, Sandra (2017): *Superhubs. How the financial elite and their networks rule our world*, Nicholas Brealey, Boston, Massachusetts.

Pringle, Robert (2014): *The money trap. Escaping the grip of global finance*, Palgrave Macmillan, Basingstoke, UK.

*Scholte, Jan Aart; Albrecht Schnabel; eds. (2002): *Civil society and global finance*, Routledge, London.

van Zon, Hans (2016): *Globalized finance and varieties of capitalism*, Palgrave Macmillan, Basingstoke, UK.

• Historical evidence of global financial instability

Bilginsoy, Cihan (2014): *A history of financial crises. Dreams and follies of expectations*, Routledge, London and New York.

*Bisignano, Joseph R.; William C. Hunter, George G. Kaufman; eds. (2000): *Global financial crises. Lessons from recent events*, Springer, New York.

Buckley, Adrian (2011): *Financial crisis. Causes, context, consequences*, Pearson, Harlow, UK.

Capie, Forrest; Geoffrey E. Wood; eds. (1986): *Financial crises and the world banking system*, Macmillan Press, Basingstoke and London.

Caprio, Gerard; James A. Hanson; Robert E. Litan; eds. (2005): *Financial crises. Lessons from the past, preparation for the future*, The Brookings Institution, Washington, D.C.

Cassis, Youssef (2011): *Crises and opportunities. The shaping of modern finance*, Oxford University Press, New York.

Chang, Chia-Ying (2017): *Capital flows, financial markets and banking crises*, Routledge, New York.

Claessens, Stijn; M. Ayhan Kose; Luc Laeven; Fabián Valencia; eds. (2014): *Financial crises. Causes, consequences, and policy responses*, International Monetary Fund, Washington, D.C.

D'Apice, Vincenzo; Giovanni Ferri (2010): *Financial instability. Toolkit for interpreting boom and bust cycles*, Palgrave Macmillan, Basingstoke, UK.

Davies, Howard (2015): *Can financial markets be controlled?*, Polity Press, Cambridge, UK.

Farmer, Roger E. A. (2017): *Prosperity for all. How to prevent financial crises*, Oxford University Press, New York.

Hsu, Sara (2017): *Financial crises, 1929 to the present*, 2nd edition, Edward Elgar, Cheltenham, UK.

Joyce, Joseph P. (2013): *The IMF and global financial crises. Phoenix rising?*, Cambridge University Press, New York.

Kindleberger, Charles P.; Robert Z. Aliber (2005): *Manias, panics and crashes. A history of financial crises*, 5th edition, Palgrave Macmillan, Basingstoke, UK.

Keen, Steve (2017): *Can we avoid another financial crisis?*

*Kolb, Robert W.; ed. (2011): *Financial contagion. The viral threat to the wealth of nations*, Wiley, Hoboken, New Jersey

Mandelbrot, Benoit B.; Richard L. Hudson (2004): *The (mis)behavior of markets. A fractal view of risk, ruin, and reward*, Basic Books, New York.

Moschella, Manuela (2010): *Governing risk. The IMF and global financial crises*, Palgrave Macmillan, Basingstoke, UK.

*O'Halloran, Sharyn; Thomas Groll (2019): *After the crash. Financial crises and regulatory responses*, Columbia University Press, New York.

Rapp, Donald (2015): *Bubbles, booms, and busts. The rise and fall of financial assets*, 2nd edition, Springer, New York.

Read, Colin (2009): *Global financial meltdown. How we can avoid the next economic crisis*, Palgrave Macmillan, Basingstoke, UK.

*Rossi, Stefania P.S.; Roberto Malavasi; eds. (2016): *Financial crisis, bank behaviour and credit crunch*, Springer, Cham, Switzerland.

Roubini, Nouriel; Stephen Mihm (2010): *Crisis economics. A crash course in the future of finance*, Penguin Press, New York.

Sheng, Andrew (2009): *From Asian to global financial crisis. An Asian regulator's view of unfettered finance in the 1990s and 2000s*, Cambridge University Press, Cambridge, UK

Tirole, Jean (2002): *Financial crises, liquidity, and the international monetary system*, Princeton University Press, Princeton, New Jersey.

Wijnholds, J. Onno de Beaufort (2011): *Fighting financial fires. An IMF insider account*, Palgrave Macmillan, Basingstoke, UK.

• 2008 global financial crisis

Annunziata, Marco (2011): *The economics of the financial crisis. Lessons and new threats*, Palgrave Macmillan, Basingstoke, UK.

Arestis, Philip; Elias Karakitsos (2013): *Financial stability in the aftermath of the 'Great Recession'*, Palgrave Macmillan, Basingstoke, UK.

Bayoumi, Tamim (2017): *Unfinished business. The unexplored causes of the financial crisis and the lessons yet to be learned*, Yale University Press, New Haven and London.

Blinder, Alan S. (2013): *After the music stopped. The financial crisis, the response, and the work ahead*, Penguin Press, New York.

*Calhoun, Craig; Georgi Derluguian; eds. (2011): *Business as usual. The roots of the global financial meltdown*, New York University Press, New York.

Chiaramonte, Laura (2018): *Bank liquidity and the global financial crisis. The causes and implications of regulatory reform*, Palgrave Macmillan, Cham, Switzerland.

Chorafas, Dimitris N. (2009): *Financial boom and gloom. The credit and banking crisis of 2007-2009*, Palgrave Macmillan, Basingstoke, UK.

Dewatripont, Mathias; Jean-Charles Rochet; Jean Tirole (2010): *Balancing the banks. Global lessons from the financial crisis*, Princeton University Press, Princeton, New Jersey.

Elson, Anthony (2017): *The global financial crisis in retrospect. Evolution, resolution, and lessons for prevention*, Palgrave Macmillan, New York.

*Grant, Wyn; Graham K. Wilson; eds. (2012): *The consequences of the global financial crisis. The rhetoric of reform and regulation*, Oxford University Press, Oxford, UK.

Griffith-Jones, Stephany; José Antonio Ocampo; Joseph E. Stiglitz (2010): *Time for a visible hand. Lessons from the 2008 world financial crisis*, Oxford University Press, New York.

Jarsulic, Marc (2010): *Anatomy of a financial crisis. A real estate bubble, runaway credit markets, and regulatory failure*, Palgrave Macmillan, New York.

Langley, Paul (2015): *Liquidity lost. The governance of the global financial crisis*, Oxford University Press, Oxford, UK.

Macdonald, Roderick (2012): *Genesis of the financial crisis*, Palgrave Macmillan, Basingstoke, UK.

Malliaris, A. G.; Leslie Shaw; Hersh Shefrin (2016): *The global financial crisis and its aftermath. Hidden factors in the meltdown*, Oxford University Press, New York.

Nesvetailova, Anastasia (2010): *Financial alchemy in crisis. The great liquidity illusion*, Pluto Press, London.

Posner, Eric A. (2018): *Last resort. The financial crisis and the future of bailouts*, University of Chicago Press, Chicago.

Sinn, Hans-Werner (2010): *Casino capitalism. How the financial crisis came about and what needs to be done now*, Oxford University Press, New York.

*Subasat, Turan; eds. (2016): *The great financial meltdown. Systemic, conjunctural or policy created?*, Edward Elgar, Cheltenham, UK.

Tooze, Adam (2018): *Crashed. How a decade of financial crises changed the world*, Viking, New York.

Varoufakis, Yanis (2011): *The global minotaur: America, the true origins of the financial crisis and the future of the world economy*, Zed Books, London and New York.

Wolf, Martin (2014): *The shifts and the shocks. What we've learned—and have still to learn—from the financial crisis*, Penguin, London.

Zestos, George K. (2016): *The global financial crisis. From US subprime mortgages to European sovereign debt*, Routledge, London and New York.

• Central banking

Ammous, Saifedean (2018): *The bitcoin standard. The decentralized alternative to central banking*, Wiley, Hoboken, New Jersey.

Brown, Brendan (2015): *A global monetary plague. Asset price inflation and Federal Reserve quantitative easing*, Palgrave Macmillan, Basingstoke, UK.

Cargill, Thomas F. (2017): *The financial system, financial regulation and central bank policy*, Cambridge University Press, New York.

Ciocca, Pierluigi (2015): *Stabilising capitalism. A greater role for central banks*, Palgrave Macmillan, Basingstoke, UK.

Cooper, George (2008): *The origin of financial crises. Central banks, credit bubbles and the efficient market fallacy*, Harriman House, Petersfield, UK.

El-Erian, Mohamed A. (2016): *The only game in town. Central banks, instability, and avoiding the next collapse*, Random House, New York.

Han, Miao (2016): *Central bank regulation and the financial crisis. A comparative analysis*, Palgrave Macmillan, Basingstoke, UK.

Herger, Nils (2019): *Understanding central banks*, Springer, Cham, Switzerland.

Jacobs, Lawrence; Desmond King (2016): *Fed power. How finance wins*, Oxford University Press, NY.

LEE Kuo Chuen, David; ed. (2015): *Handbook of digital currency. Bitcoin, innovation, financial instruments, and big data*, Elsevier, London.

Prins, Nomi (2018): *Collu$ion. How central bankers rigged the world*, Nation Books, New York.

Schnidman, Evan A.; William D. MacMillan (2016): *How the Fed moves markets. Central bank analysis for the modern era*, Palgrave Macmillan, Basingstoke, UK.

Siklos, Pierre L. (2017): *Central banks into the breach. From triumph to crisis and the road ahead*, Oxford University Press, New York.

Steiner, Andreas (2016): *Global imbalances, financial crises, and central bank policies*, Academic Press, London.

• China (and 'the rest') in global finance

Armstrong-Taylor, Paul (2016): *Debt and distortion. Risks and reforms in the Chinese financial system*, Palgrave Macmillan, London.

Cao, Yuanzheng (2018): *Strategies for internationalizing the renminbi*, Springer, Singapore.

*Cheung, Yin-Wong; Vikas Kakkar; Guonan Ma; eds. (2011): *Evolving role of Asia in global finance*, Emerald, Bingley, UK.

De Rambures, Dominique; Felipe Escobar Duenas (2017): *China's financial system. Growth and inefficiency*, Palgrave Macmillan, Cham, Switzerland.

Goodstadt, Leo F. (2011): *Reluctant regulators. How the West created and how China survived the global financial crisis*, Hong Kong University Press, Hong Kong.

Heep, Sandra (2014): *China in global finance. Domestic financial repression and international financial power*, Springer, Cham, Switzerland.

Łasak, Piotr; René W. H. van der Linden (2019): *The financial implications of China's Belt and Road Initiative. A route to more sustainable economic growth*, Palgrave Macmillan, Cham, Switzerland.

Li, Ruogu (2016): *Reform of the international monetary system and internationalization of the renminbi*, World Scientific, Singapore.

Minikin, Robert; Kelvin Lau (2013): *The offshore renminbi. The rise of the Chinese currency and its global future*, Wiley, Singapore.

Overholt, William H.; Guonan Ma; Cheung Kwok Law (2016): *Renminbi rising. A new global monetary system emerges*, Wiley, Chichester, UK.

*Peng, Wensheng; Chang Shu; eds. (2010): *Currency internationalization. Global experiences and implications for the renminbi*, Palgrave Macmillan, Basingstoke, UK.

Prasad, Eswar (2017): *Gaining currency. The rise of the renminbi*, Oxford University Press, New York.

Sanderson, Henry; Michael Forsythe (2013): *China's superbank. Debt, oil and influence—How China development bank is rewriting the rules of finance*, Wiley, Singapore.

Toohey, Lisa; Colin B. Picker; Jonathan Greenacre; eds. (2015): *China in the international economic order. New directions and changing paradigms*, Cambridge University Press, New York.

Walter, Carl E.; Fraser J. T. Howie (2012): *Red capitalism. The fragile financial foundation of China's rise*, Wiley, Singapore.

*Wise, Carol; Leslie Elliott Armijo; Saori N. Katada, eds. (2015): *Unexpected outcomes. How emerging economies survived the global financial crisis*, Brookings Institution Press, Washington, D.C.

Zhang, Jie (2011): *Internationalization of the renminbi. History, theories and policies*, Enrich Professional Publishing, Singapore.

• Dark side of global finance

Blakeley, Grace (2019): *Stolen. How to save the world from financialisation*, Repeater Books, London.

Davis, Stephen; Jon Lukomnik; David Pitt-Watson (2016): *What they do with your money. How the financial system fails us*, Yale University Press, New Haven and London.

Durand, Cédric (2017): *Fictitious capital. How finance is appropriating our future*, Verso, London.

Feldkamp, Frederick L.; R. Christopher Whalen (2014): *Financial stability. Fraud, confidence and the wealth of nations*, Wiley, Hoboken, New Jersey.

Foster, John Bellamy; Robert W. McChesney (2012): *The endless crisis. Jow monopoly-finance capital produces stagnation and upheaval from the U.S.A. to China*, Monthly Review Press, New York.

Hudson, Michael (2012): *Finance capitalism and its discontents. Interviews and speeches 2003-2012*, ISLET, Dresden, Germany.

Hudson, Michael (2015): *Killing the host. How financial parasites and debt bondage destroy the global economy*, CounterPunch Books, Petrolia, California.

Marazzi, Christian (2010): *The violence of financial capitalism*, Semiotext(e), Los Angeles, California.

Mitchell, Lawrence E. (2008): *The speculation economy. How finance triumphed over industry*, Berrett-Koehler Publishers, San Francisco, California.

Morris, Edward L. (2015): *Wall Streeters. The creators and corruptors of American finance*, Columbia University Press, New York.

*Passas, Nikos; ed. (2013): *Transnational financial crime*, Routledge, London and New York.

Platt, Stephen (2015): *Criminal capital. How the finance industry facilitates crime*, Palgrave Macmillan, Basingstoke, UK.

Rickards, James (2016): *The road to ruin. The global elites' secret plan for the next financial crisis*, Penguin.

Rothkopf, David (2008): *Superclass. The global power elite and the world they are making*, Farrar, Straus and Giroux, New York.

Shaxson, Nicholas (2018): *The finance curse. How global finance is making us all poorer*, Vintage, London.

Toussaint, Eric (1999): *Your money or your life! The tyranny of global finance*, Pluto Press, London.

Vlcek, William (2017): *Offshore finance and global governance. Disciplining the tax nomad*, Palgrave Macmillan, London.

Wedel, Janine R. (2014): *Unaccountable. How elite power brokers corrupt our finances, freedom, and security*, Pegasus Books, New York.

Bernstein, Jake (2017): *Secrecy world. Inside the Panama papers investigation of illicit money networks and the global elite*, Henry Holt, New York.

• International Monetary/Financial System

Aglietta, Michel; Virginie Coudert (2014): *Le dollar et le système monétaire international*, La Découverte, Paris [in French].

Alexander, Kern; Rahul Dhumale; John Eatwell (2006): *Global governance of financial systems. The international regulation of systemic risk*, Oxford University Press, New York.

Brummer, Chris (2015): *Soft law and the global financial system. Rule making in the21st century*, 2nd edition, Cambridge University Press, New York.

Byttebier, Koen (2017): *Towards a new international monetary order*, Springer, Cham, Switzerland.

*Calhoun, Craig; Georgi Derluguian; eds. (2011): *Aftermath. A new global economic order?*, New York University Press, New York.

Cesarano, Filippo (2006): *Monetary theory and Bretton Woods. The construction of an international monetary order*, Cambridge University Press

Chesterton, A. K. (1946): *The menace of the money-power. An analysis of world government by finance*, Yeoman Press, Bristol, UK.

David, Dharshini (2018): *The almighty dollar. Follow the incredible journey of a single dollar to see how the global economy* really *works*, Elliott and Thompson, London.

Eha, Brian Patrick (2017): *How money got free. Bitcoin and the fight for the future of finance*, Oneworld Publications.

Eichengreen, Barry (2007): *Global imbalances and the lessons of Bretton Woods*, MIT Press, Cambridge, Massachusetts.

Eichengreen, Barry J. (2008): *Globalizing capital. A history of the international monetary system*, Princeton University Press, Princeton, New Jersey.

Eichengreen, Barry; Arnaud Mehl; Livia Chiţu (2018): *How global currencies work. Past, present, and future*, Princeton University Press, Princeton, New Jersey.

Elson, Anthony (2011): *Governing global finance. The evolution and reform of the international financial architecture*, Palgrave Macmillan, New York.

Hankel, Wilhelm; Robert Isaak (2011): *Brave new world economy. Global finance threatens our future*, Wiley, Hoboken, New Jersey.

Helleiner, Eric (2014): *The status quo crisis. Global financial governance after the 2008 financial meltdown*, Oxford University Press, New York.

Jackson, Andrew; Ben Dyson (2012): *Modernising money. Why our monetary system is broken and how it can be fixed*, Positive Money, London.

Kaul, Vivek (2018): *Easy money. Book 2. Evolution of the global financial system to the great bubble burst*, Harper Business, London.

McKinnon, Ronald I. (2013): *The unloved dollar standard. From Bretton Woods to the rise of China*, Oxford University Press, New York.

*Popkova, Elena G.; ed. (2019): *The future of the global financial system. Downfall or harmony*, Springer, Cham, Switzerland.

Prasad, Eswar S. (2014): *The dollar trap. How the U.S. dollar tightened its grip on global finance*, Princeton University Press, Princeton, New Jersey.

*Reis, Jaime; ed. (1995): *International monetary systems in historical perspective*, Macmillan Press, Basingstoke and London.

Rickards, James (2014): *The death of money. The coming collapse of the international monetary system*, Penguin, New York.

Salin, Pascal (2016): *The international monetary system and the theory of monetary systems*, Edward Elgar, Cheltenham, UK

Scammell, W. M. (1987): *The stability of the international monetary system*, Macmillan, London.

Schoenmaker, Dirk (2013): *Governance of international banking. The financial trilemma*, Oxford University Press, New York.

*Sellon, Gordon H., Jr.; Brent Bundick; eds. (2008): *Maintaining stability in a changing financial system*, Federal Reserve Bank of Kansas City.

Stiglitz, Joseph E. (2010): *The Stiglitz report. Reforming the international monetary and financial systems in the wake of the global crisis*, The New Press, New York.

Talani, Leila Simona (2010): *The global crash. Towards a new global financial regime*, Palgrave Macmillan, Basingstoke, UK.

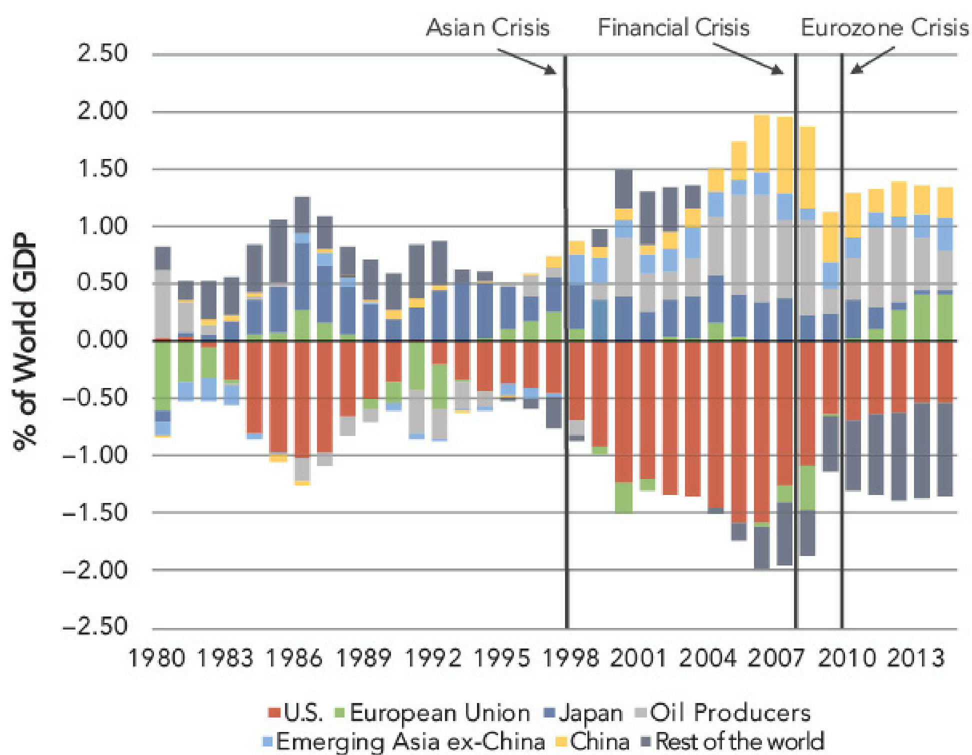
Turner, Adair (2016): *Between debt and the devil. Money, credit, and fixing global finance*, Princeton University Press, Princeton, New Jersey

Varoufakis, Yanis; Joseph Halevi; Nicholas J. Theocarakis (2011): *Modern political economics. Making sense of the post-2008 world*, Routledge, London and New York.

Wang, Jingyi (2016): *The past and future of international monetary system. With the performances of the US dollar, the euro and the CNY*, Springer, Singapore.

Wolf, Martin (2010): *Fixing global finance*, Johns Hopkins University Press, Baltimore.

World Economic Forum (2018): *The global financial and monetary system in 2030*.



Current account balances as a fraction of world GDP (Bordo and Taylor, 2017)

NEW RULES OF THE GAME FOR AN IDEALIZED DOLLAR STANDARD

UNITED STATES

Rule 1. In the long run, limit inflation and stabilize the domestic and foreign purchasing power of the dollar so as to provide a nominal anchor for the price levels of other countries.

Rule 2. In the short run, raise interest rates to prevent outflows of "hot" money to other countries collectively when the dollar is weak, and vice versa. Keep interest rates comfortably above zero.

Rule 3. In noncrisis periods, remain passive in the foreign exchanges: allow foreigners to transact freely in dollars and set their dollar exchange rates without being "bashed." No capital controls for the center country.

Rule 4. The IMF acts as lender of first resort to individual countries in crisis. The United States acts as lender of last resort through dollar swaps and similar devices to overcome dollar liquidity crises more generally.

Rule 5. Do not force developing countries to open their financial markets internationally or to abandon capital controls. Cease pushing entry of American banks and other financial institutions into their domestic economies.

Rule 6. Limit or reverse current account deficits by increasing domestic saving, government and private.

EMERGING MARKETS

Rule 7. Retain current-account currency convertibility under the IMF's Article VIII, but recognize the problem of currency mismatches. Restrain foreign exchange exposure by banks and other financial institutions, if necessary by capital controls.

7*A*: Debtor economies: Limit buildup of short-term liquid dollar liabilities.

7B: Creditor economies: Limit "overhangs" of liquid dollar assets.

Rule 8. Recognize that pegging to the dollar may be necessary to reduce risk in countries with immature domestic financial markets—particularly if they are either large dollar debtors or large dollar creditors.

Rule 9. Aim for mutual exchange rate stability within natural economic regions such as East Asia. Set long-term dollar exchange rate objectives for the group.

Rule 10. Hold official exchange reserves mainly in dollar assets. If necessary, supplement with regional swap agreements—as in East Asia.

McKinnon (2013)