

Index

- ABS (asset-backed securities) 96–7
 - African debt crisis (1980s) 219–20
 - aggregated CACs (collective action clauses) 336–7
 - AIG (American Insurance Group) 91, 103, 105–6, 266, 271
 - Ant Financial 284–5
 - anti-money laundering/counter-terrorist financing
 - FATF (Financial Action Task Force) 318–20
 - payment systems, surveillance of and by 252, 283–4, 285–6, 295, 299
 - Argentina
 - currency swap arrangement with China 127, 138, 325
 - economic crisis (1999–2002) 136–8, 223, 225
 - debt restructuring and related litigation 273–6, 335, 340–44
 - Asia
 - Asian Development Bank 329–30
 - Asian Infrastructure Investment Bank 131, 330
 - Asian Monetary Fund proposal 228–9
 - Chiang Mai Initiative
 - Multilateralization 326–7
 - East Asian financial crisis (1997) 225–31, 281, 362
 - asset-backed securities (ABS) 96–7
 - asset management companies 271–2
 - austerity policies 29, 235–6, 358–60, 369
 - Australia 175, 272, 273

 - bailouts of banks 104–6, 306
 - balance of payments (BOP) 38–43
 - US BOP crisis (1960s) 203–7, 208

 - Bank of England 111, 193, 204, 205, 222, 261, 325–6
 - Bank of International Settlements (BIS) 193, 256–7, 282, 316, 321–4, 342–3
 - banking industry 268–70
 - bailouts of banks 104–6, 306
 - bank runs 11, 96–7, 230, 302, 311
 - banking systems 8–12
 - borrowing by banks
 - central banks as lenders of last resort 11–12, 30, 37, 58, 83, 99
 - central banks loans 22
 - East Asian financial crisis (1997) 225–31, 281, 362
 - in global financial crisis 96–8
 - LIBOR rigging scandal 289–90, 318
 - London Club 334–5
 - repurchase (repo) agreements 108
 - US discount loans 80–81, 98
 - US term auction facility 107–8
 - central banks *see* central banks (CBs)
 - development banks 131, 329–31
 - World Bank 245, 315, 329, 330
 - investment banks 66, 94–5, 261–2, 269, 304
 - payment systems *see* payment systems
 - regulation *see* prudential regulation of banks
 - reserves *see* reserves of banks
 - shadow banks 270–71
 - SIFIs (systemically important financial institutions) 91–4, 309
 - see also* private financial actors
- Basel Committee on Banking Supervision 313–14

- Basel Accords 305–12
- Bausili, Santiago 275–6
- Bear Stearns 104–5
- benchmark interest rates 7–8, 20–21, 30, 31, 51–2
 - LIBOR rigging scandal 289–90, 318
 - in US (FFR) 69–72, 80, 83, 98–9, 112–14, 134–5
- Big Mac Index 46
- BIS (Bank of International Settlements) 193, 256–7, 282, 316, 321–4, 342–3
- bitcoin 292–6
- ‘Black Monday’ stock market crash (October 19, 1987) 218
- Blackrock 271–2
- blockchain 292–6
- Bloomberg Barclays Global Aggregate Index 129
- bond markets 260
 - eurobond market 264–5
 - sovereign bonds *see* sovereign bond markets
- BOP (balance of payments) 38–43
 - US BOP crisis (1960s) 203–7, 208
- borrowing
 - by banks *see* banking industry, borrowing by banks
 - collateral *see* collateral
 - in foreign currencies 37
 - by governments *see* government borrowing
 - IR *see* interest rates (IR)
 - Ponzi schemes 301–2
 - US dollar-denominated debt *see* dollar (US), dollar-denominated debt
- Botswana 278
- Brady bonds 221
- Brazil
 - China, economic relations with 131
 - financial crises 64, 225, 228, 335
 - FX reserves 142
 - US, economic relations with 110, 111, 113, 325
 - see also* BRICS group
- Bretton Woods system
 - collapse 207–14
 - establishment 198–203
 - IMF *see* International Monetary Fund (IMF)
 - US balance of payments crisis (1960s) 203–7, 208
 - see also* international economic system
 - ‘Bretton Woods II’ system 232
- BRICS group 236
 - contingent reserve arrangement 329
 - credit rating agency (CRA) proposal 281
 - Delhi Declaration (2012) 238
 - IMF, voting rights at 242
 - New Development Bank 131, 330–31
- British East India Company 254
- Brussels Conference (1920) 190
- budgets 12–13, 29
 - Eurozone, budgetary surveillance of members 171–2
 - structural v. cyclical deficits 170
- CACs (collective action clauses) 335–7, 353
- Canada 272, 273, 325
- Cannes Conference (1922) 191
- capital controls 35–8, 70–71, 200
 - Bretton Woods conference (1944) debates on 200–201
 - in China 123–4, 125, 139, 227
 - in peripheral states 139
- capital markets *see* global capital markets
- capital-to-deposit ratio of banks 307
- capitalism, US and Chinese models 254–7
- cash 8–9, 290–92
- CDS (credit default swaps) 107, 266, 338
- central banks (CBs)
 - balance sheet of 26, 48
 - Bank of England 111, 193, 204, 205, 222, 261, 325–6
 - BIS (Bank of International Settlements) 193, 256–7, 282, 316, 321–4, 342–3
 - currency swap arrangements *see* currency swap arrangements
 - ECB *see* European Central Bank (ECB)
 - fiscal authorities

- CBS' coordination with 17, 24–7, 44
 - CBS' independence from 26–7, 31–2, 175
- FX markets intervention *see* foreign exchange markets, central bank intervention
- FX reserves of *see* foreign exchange reserves of states
- as lenders of last resort 11–12, 30, 37, 58, 83, 99
- monetary policies of *see* monetary policies
- overt monetary financing by 27, 88–9, 102
- payment systems, oversight role 281
- sterilization operations by 49–51, 188
- US FRS *see* Federal Reserve System (US central bank)
- Chiang Mai Initiative Multilateralization 326–7
- Chicago Stock Exchange 258
- China
 - banking sector 269, 271, 284–5
 - capital controls 123–4, 125, 139, 227
 - capital market reforms (2016) 77
 - foreign economic policy
 - currency swap arrangements 127–8, 138, 325–6
 - exchange rate targeting policy 120–22, 124, 233
 - FDI and lending strategies 130–31, 356
 - gold reserves 296, 297, 298
 - Trilemma, Chinese solution 122–5
 - US concerns 74, 116, 131–2, 268
 - US dollar-denominated debt holdings 74, 113, 116–17, 142, 232
 - yuan promoted as reserve currency 63, 119, 123, 125–8, 130, 243
- IMF, voting rights at 241
- sovereign bond markets 126–7, 129–30
- state capitalism model 255–7
 - see also* BRICS group
 - citizen 'vigilantism' in sovereign bond markets 29–30
 - clearing houses 287–8
 - clearing of payments 282
 - club-like financial institutions *see* private financial actors
 - collateral
 - bonds 16–17, 66–7, 159–60
 - mortgage-backed securities (MBS) 96–7, 100, 234, 279–80, 303
 - collective action clauses (CACs) 335–7, 353
 - commodities markets 267–8
 - gold market 297, 298
 - oil market 3–4, 63–4, 130, 213–14, 219, 268
 - competitive devaluation of currencies 51–3
 - contractionary fiscal policies 19, 20, 44
 - contractionary monetary policies 17, 31–2, 44, 69
 - convergence and divergence of economic policies (four scenarios) 178–81
 - core states
 - peripheral (non-reserve currency issuing) states compared 75–6, 346
 - pyramid of states 64–5, 188
 - see also* reserve currencies
 - corporate debt 16
 - Costa Rica 317, 327, 328, 339–40, 344
 - counter-terrorist financing
 - FATF (Financial Action Task Force) 318–20
 - payment systems, surveillance of and by 252, 283–4, 285–6, 295, 299
 - credit cards 284–5
 - credit default swaps (CDS) 107, 266, 338
 - credit rating agencies (CRAs) 74–6, 77, 279–81
 - currencies
 - Chinese yuan *see* yuan (Chinese currency)
 - exchange rates *see* exchange rates
 - Japanese yen *see* yen (Japanese currency)
 - markets in *see* foreign exchange markets

- reserve currencies *see* reserve currencies
- trust in currency, need for 4, 25, 26
- US dollar *see* dollar (US)
- currency crises 230–31
- currency manipulation
 - IMF's disciplinary role 182, 183–4, 211–12, 233
 - US allegations 114–15, 116, 181
 - US influence on FX markets 73–4, 87–91, 181
 - WTO's potential disciplinary role 182–4
 - see also* foreign exchange markets, central bank intervention
- currency swap arrangements 48–9, 324
 - Chinese arrangements 127–8, 138, 325–6
 - US arrangements 109–11, 206, 324, 325, 346
 - see also* foreign exchange reserves of states
- current accounts (economics concept) 39, 40–42
- Cyprus 162
- dark pools (anonymous trading venues) 258–60
- debt enforcement against states 340–45
 - Argentina 273–6, 335, 340–44
 - Greece *see* Greek economic crisis (2009–18)
- debt-for-equity swaps 220–21
- debt re-organization 331–2
 - Argentine debt restructuring (2005) 273–6
 - CACs (collective action clauses) in debt contracts 335–7, 353
 - Germany, post-World War II debt reduction 203, 332, 340
 - Greek debt restructuring (2012) 352–8
 - Paris and London Clubs 332–5
 - sovereign debt restructuring mechanisms 335, 338–40
 - see also* government borrowing
- Delhi Declaration (BRICS group, 2012) 238
- democratic legitimacy of institutions 366–9
- demonetization 290–92
- deposit insurance 9, 79, 256
- Depository Trust & Clearing Corporation 288
- depressions 4
 - Great Depression (1930s) 79, 82, 194–5, 197, 200
 - see also* recessions
- derivatives markets 107, 265–7, 287–8
- developing countries *see* peripheral states
- development banks 131, 329–31
 - World Bank 245, 315, 329, 330
- Dexter-White, Harry 198
- digital cash 290–92
- dim sum bonds (yuan-denominated) 126–7
- 'dirty float' exchange rate regimes 57–9, 76, 136
- divergence and convergence of economic policies (four scenarios) 178–81
- Dodd-Frank Wall Street Reform and Consumer Protection Act 2010 (US) 79, 91–6, 282
- dollar (US)
 - dollar-denominated debt 68–9, 73–4
 - Asian state holdings (1999–2008) 232
 - Chinese holdings 74, 113, 116–17, 142, 232
 - peripheral states' dependency on 132–4, 175–6, 219–21, 224–5
 - US balance of payments crisis (1960s) 203–7, 208
 - eurodollars 67–8, 264–5
 - \$100 bills 291–2
 - petrodollars 64, 214, 219
 - Plaza (1985) and Louvre Accords (1987) 143–4, 215–18
 - as prime reserve currency 62–4, 65–7, 127, 130–32, 198, 211, 243, 291–2
 - see also* foreign exchange reserves of states; reserve currencies
- domestic economic policy 2–4
 - banking systems 8–12
 - budgets *see* budgets
 - exchange rates and 43–5

- fiscal and monetary policies *see*
 - fiscal policies; monetary policies
 - sovereign bond markets *see*
 - sovereign bond markets
- Dow Jones Industrial Average 76, 128
- e-payments 284–5
- East Asian financial crisis (1997)
 - 225–31, 281, 362
- East India Company 254
- ECB *see* European Central Bank (ECB)
- economic sanctions
 - under Stability and Growth Pact
 - 166–8, 172
 - US imposed 73, 127, 128, 277–8,
 - 283–4, 286–7, 288, 299–300
- Ecuador 223
- EFSF (European Financial Stability Facility) 164–5, 353–5
- Emergency Financing Mechanism (IMF) 225
- emergency liquidity assistance
 - (eurocrisis measure) 161–3
- emerging market economies
 - BRICS group *see* BRICS group
 - China *see* China
 - IMF, criticisms of 227–8, 233–4, 238
 - MSCI Emerging Markets Index
 - 76–7, 129, 288
 - Nigeria downgraded from status
 - 138–9
 - US dollar-denominated debt
 - holdings 134
- ERR *see* exchange rate regimes (ERR)
- ESF (Exchange Stabilization Fund, US Treasury) 87–91, 195, 206, 244, 264
- ethical investment 279
- eurocrisis
 - causes 147–9, 360–64
 - ECB response *see* European Central Bank (ECB), eurocrisis response
 - eruption 149–50, 348–9
 - EU project, impact on 163–4, 169, 364, 365–71
- Germany and *see* Germany, eurocrisis and
- Greek experience *see* Greek economic crisis (2009–18)
- IMF response 163, 349–52, 353, 357, 366
- eurocurrency markets 67–8, 264–5
- European Central Bank (ECB) 103, 111, 150–52
 - eurocrisis response 173–4
 - crisis containment 152–7, 349–50
 - currency swap arrangements 324
 - emergency liquidity assistance 161–3
 - longer-term refinancing operations 159–61
 - quantitative easing (QE) 157–9
- G-30 participation 253
- ‘troika’ membership 163, 350
- Eurozone
 - banking sector 269
 - budgetary surveillance of members
 - 171–2
 - euro as reserve currency 63, 243
 - eurocrisis *see* eurocrisis
 - European Financial Stability Facility 164–5, 353–5
 - European Financial Stabilization Mechanism 164
 - European Stability Mechanism 165–6
 - Fiscal Compact 169–71
 - Germany as *de facto* sovereign 148, 151–2, 155–6, 164, 165–6, 235–6, 364
 - gold reserves 296
 - macroeconomic imbalances,
 - corrective measures 168–9
 - Stability and Growth Pact 148–9, 166–8, 171–2
- exchange rate regimes (ERR) 181
 - Exchange Rate Mechanism (EU) 222–3
 - fixed regimes *see* fixed exchange rate regimes
 - floating regimes 56–7, 76, 118
 - managed regimes 57–9, 76, 136, 211
- exchange rates

- CB intervention to control *see*
 - foreign exchange markets,
 - central bank intervention
- domestic economic policy and 43–5
- ERR *see* exchange rate regimes (ERR)
- market effects on 45–7, 54
- US dollar-denominated debt and 68–9
- Exchange Stabilization Fund (ESF, US Treasury) 87–91, 195, 206, 244, 264
- expansionary fiscal policies 19, 20, 29, 44
- expansionary monetary policies 17, 29–31, 43–4, 69
 - quantitative easing (QE) 99–102, 111–12, 144, 158–9, 236–7
- FATF (Financial Action Task Force) 318–20
- FDI (foreign direct investment) 36, 133
 - Chinese strategy 130–31, 356
 - net income 39
- Federal Funds Rate (FFR) (US
 - benchmark interest rate) 69–72, 80, 83, 98–9, 112–14, 134–5
- Federal Reserve System (US central bank)
 - currency swap arrangements 109–11, 206, 324, 325, 346
- FX markets intervention 73–4
- monetary policies 86
 - communication of strategies 82–3, 99, 108
 - deposit insurance 79, 256
 - discount loans to banks 80–81, 98
 - FFR (benchmark interest rate) changes 69–72, 80, 83, 98–9, 112–14, 134–5
 - interest rate of reserves (IROR) changes 81–2
 - open market sovereign bond trade 82, 86–7
 - quantitative easing (QE) 99–102, 236–7
 - required reserve ratio (RRR) changes 79–80, 81
 - prudential regulation of banks 78–80, 91–6, 304–5
 - structure 77–8
 - US Treasury
 - FRS' coordination with 85–7, 88–9, 90, 98
 - FRS' independence from 77, 78, 85, 90–91, 222
- see also* US Treasury
- Federal Stability Oversight Council (US) 91–2
- FFR (US benchmark interest rate) 69–72, 80, 83, 98–9, 112–14, 134–5
- Financial Action Task Force (FATF) 318–20
- financial regulation
 - prudential regulation of banks *see* prudential regulation of banks
 - transnational financial regulation *see* private financial actors
- Financial Stability Board (FSB) 234–5, 270, 280, 315–16
- Finland 182
- First World War
 - German reparations to France and UK 193, 257, 321
 - gold standard collapse 189–90
- fiscal austerity policies 29, 235–6, 358–60, 369
- fiscal authorities (FAs)
 - balance sheet of 26
 - central banks
 - coordination with FAs 17, 24–7, 44
 - independence from FAs 26–7, 31–2, 175
 - fiscal policies exercised by *see* fiscal policies
 - US Treasury *see* US Treasury
- Fiscal Compact (EU) 169–71
- fiscal policies 5, 18–20
 - austerity 29, 235–6, 358–60, 369
 - bond issues *see* sovereign bond markets
 - capital controls *see* capital controls
 - central bank postures towards (four scenarios) 27–8
 - economic downturns (scenarios 1 and 2) 28–31, 174

- economic upturns (scenarios 3 and 4) 31–2
 - contractionary policies 19, 20, 44
 - expansionary policies 19, 20, 29, 44
 - public infrastructure spending 29
 - of US Treasury *see* US Treasury, fiscal policies
- Fitch 74, 279, 280
- fixed exchange rate regimes 56, 76, 118, 223
 - Argentina case study 136–8
 - Bretton Woods system *see* Bretton Woods system
 - Eurozone *see* Eurozone
 - gold standard (1819–1914) 87, 89, 186–90, 192, 193, 194, 195–6
 - Nigeria case study 138–9
- Flexible Credit Line (IMF) 235, 246
- floating exchange rate regimes 56–7, 76, 118
- Fondo Latinoamericano de Reservas* (Latin American reserve fund) 327–8
- foreign direct investment (FDI) 36, 133
 - Chinese strategy 130–31, 356
 - net income 39
- foreign economic policy 2
 - BOP *see* balance of payments (BOP)
 - exchange rates *see* exchange rates
 - global capital markets *see* global capital markets
 - state relations (four scenarios) 178–81
 - Trilemma *see* Trilemma
 - see also* international economic system
- foreign exchange markets 33, 35, 260–63
 - central bank intervention 33, 47–8, 181–2, 262
 - CB conflict 51–3
 - CB cooperation 48–51
 - currency manipulation *see* currency manipulation
 - currency swap arrangements *see* currency swap arrangements
 - ERR *see* exchange rate regimes (ERR)
- FX reserves of states *see* foreign exchange reserves of states
- in 1970s 211
- People's Bank of China *see* China, foreign economic policy
- Reserve Bank of India 140–41
- Trilemma *see* Trilemma
- currency crises 230–31
- exchange rates, market effects on 45–7, 54
- FOREX rigging scandal (2013) 261–2
- US influence on 73–4, 87–91, 181, 222
 - 'Nixon shock' policies (1971) 209–10
 - Plaza (1985) and Louvre Accords (1987) 143–4, 215–18
 - see also* exchange rates
- foreign exchange reserves of states 33, 39, 57–9, 62–3, 63–4, 247
- currency swap arrangements *see* currency swap arrangements
- dollar-denominated debt *see* dollar (US), dollar-denominated debt
- IMF analysis of 117–19, 120, 232–3
- IMF loans of FX to states 202–3
- peripheral states 139–41, 142–3
- post-World War II period 201
- seigniorage 127
- Special Drawing Rights (IMF basket currency) 125, 206–7, 239, 240, 243–4
- yuan-denominated investments 126–7
- FOREX rigging scandal (2013) 261–2
- Formosa bonds (yuan-denominated) 127
- forward contracts 267
- fractional reserve banking systems 9–10
- France 164, 195, 205
 - banking sector 269
 - gold standard
 - revival (1920s) 192
 - abandonment (1936) 196
 - 1960s economy 207

- Tripartite Agreement (1936) with
 - US and UK 89, 196
- free movement of capital 33, 35, 36, 71, 231, 361–3
- FRS *see* Federal Reserve System (US central bank)
- FSB (Financial Stability Board) 234–5, 270, 280, 315–16
- full reserve banking systems 10
- futures markets 266–7
- FX markets *see* foreign exchange markets
- FX reserves *see* foreign exchange reserves of states

- G-20 110, 181, 223, 234–5, 236–7, 315
- G-30 252–3
- GDP (gross domestic product) 3, 75–6, 242
- General Agreement on Tariffs and Trade 1994 (GATT) 182–4, 209, 210, 233
- General Arrangements to Borrow (IMF) 206, 207, 245
- General Motors 103
- Genoa Conference (1922) 191
- Germany
 - banking sector 269
 - as *de facto* sovereign of Eurozone 148, 151–2, 155–6, 164, 165–6, 235–6, 364
 - debt break mechanism 171
 - eurocrisis and
 - Deauville Declaration (2010) 149, 348
 - German gains 155, 358, 364
 - German-led responses 235–6
 - Greek economic crisis, German perspectives 350, 352, 366
 - gold reserves 296
 - Louvre Accord (1987) 217–18
 - 1960s economy 207–8
 - 1970s economy 213
 - Plaza Accord (1985) 143, 215–18
 - post-World War I economy 190, 193, 196
 - post-World War II debt reduction 203, 332, 340
 - US criticisms of 115, 169
- Glass-Steagall Act 1933 (US) 94, 304
- Glencore 277–8
- global capital markets 34–5
 - capital controls *see* capital controls
 - eurocurrency markets 67–8, 264–5
 - free movement of capital 33, 35, 36, 71, 231, 361–3
 - private capital to developing world 133–4, 224
 - US influence on 69–72
- global economic system *see* international economic system
- global financial crisis (2008) 96–8, 178, 266, 270, 303
- eurodollar credit market collapse 67–8
- Eurozone impact *see* eurocrisis
- global policy responses 234–8
- IMF's failure to predict 233–4, 238
- US policy responses *see* Great Recession (2007–9), US policy responses
- global financial regulation *see* transnational financial regulation
- global official liquidity 33, 34
- global private liquidity 34
- global sovereign status of US *see* United States, as global sovereign
- Global Stabilization Mechanism proposal (IMF) 345–6
- global systemically important banks (GSIBs) 93–4
- globalization 71, 254–7
 - see also* private financial actors
- gold
 - gold-exchange standard (1925–31) 191–3
 - gold market controls in US balance of payments crisis (1960s) 203–6
 - gold reserves
 - of IMF 246
 - of states 58–9, 296–8
 - gold standard (1819–1914) 87, 89, 186–90, 192, 193, 194, 195–6
 - gold tranche (states' IMF contributions) 202
- Goldman Sachs 267
- government borrowing

- bond issues *see* sovereign bond markets
- from China 131
- credit rating agencies (CRAs) 74–6, 77, 279–81
- currency swap arrangements *see* currency swap arrangements
- debt enforcement *see* debt enforcement against states
- debt re-organization *see* debt re-organization
- to finance balance of trade deficits 41, 42–3
- IMF contributions, borrowing to meet 240
- IMF loans of FX to states 202–3
- net debt calculations 87
- odious debt 344
- short-term loans 214
- US dollar-denominated
 - debt *see* dollar (US), dollar-denominated debt
 - see also* fiscal policies
- Great Depression (1930s) 79, 82, 194–5, 197, 200
- Great Recession (2007–9)
 - central bank responses, overview 174, 175
 - eurocrisis *see* eurocrisis
 - global policy responses 234–8, 306
 - Basel III Accord 308–12
 - spillovers of US policies 111–15, 175–6
 - US policy responses
 - bank bailouts 104–6, 306
 - bank debt guarantees 104
 - currency swap arrangements 109–11, 206, 324, 325
 - divergence from EU policies 235–6
 - low FFR (benchmark interest rate) 69–70, 71–2, 83, 98–9, 134–5
 - quantitative easing (QE) 99–102, 236–7
 - T-bill issues 84, 98
 - term auction facility 107–8
 - Term Securities Lending Facility 108–9
 - Troubled Asset Relief Program (TARP) 103–4
 - see also* global financial crisis (2008)
- Greek economic crisis (2009–18) 43, 336
 - causes 360–64
 - ECB response criticized 162–3
 - EU response criticized 371
 - ‘Grexit’ threats 162, 359, 369–70
 - IMF response criticized 350–52, 366
 - recession and unemployment 357–8, 365, 369
 - timeline
 - eruption 348–9
 - loan facility (March 2010) 349–52
 - Greek debt downgraded (April 2010) 149, 160–61
 - debt restructuring (2012) 352–8
 - emergency liquidity assistance to Greek banks (2015) 161
 - anti-austerity referendum (2015) 162, 358–60
 - see also* eurocrisis
- Greenspan, Alan 83
- gross domestic product (GDP) 3, 75–6, 242
- Group of 20 110, 181, 223, 234–5, 236–7, 315
- Group of 30 252–3
- GSIBs (global systemically important banks) 93–4
- Haiti 240
- hawala (informal payment network) 299
- Hayman Capital Management 119–20, 123
- hedge funds 273–6
- hegemony of US *see* United States, as global sovereign
- ‘helicopter money’ 27, 102
- high-frequency trading 259
- high-powered money 18
- Hong Kong 121, 123, 126–7, 227
- Hoover, Herbert 193–4
- ‘hot money’ 36, 41, 70, 112, 364
- Huawei Technologies Co. Ltd 132

- IMF *see* International Monetary Fund (IMF)
- impossible trinity *see* Trilemma
- index companies 76–7, 128–30, 138–9, 288–90
- India 110, 140–41, 142, 291, 325
see also BRICS group
- Indonesia 141, 142, 227, 229–30, 327
- inflation 3–4
fiscal policies to control *see* fiscal policies
monetary policies to control *see* monetary policies
stagflation (1970s) 212–13
- informal payment networks 299–300
- INSTEX (Instrument in Support of Trade Exchanges) 299–300
- insurance industry 272
- interbank lending *see* banking industry, borrowing by banks
- interest rates (IR)
on bank reserves 81–2
benchmark IR *see* benchmark interest rates
bond prices, effect on 14–15, 17
market IR 8, 9
negative IR policies
ECB (2016) 157
Japan (2016) 146–7
Switzerland (2014) 292
see also borrowing
- international capital flows regulation *see* capital controls
- International Clearing Union 198–9
- international economic system 345–7
BIS (Bank of International Settlements) 193, 256–7, 282, 316, 321–4, 342–3
development banks 131, 329–31
World Bank 245, 315, 329, 330
- FSB *see* Financial Stability Board (FSB)
- G-20 110, 181, 223, 234–5, 236–7, 315
- historical development
overview 185
gold standard (1819–1914) 87, 89, 186–90, 192, 193, 194, 195–6
interwar period 190–97, 199
- Bretton Woods system *see* Bretton Woods system
- Plaza (1985) and Louvre Accords (1987) 143–4, 215–18
1980s debt crisis 219–21
1990s financial crises 222–31
2008 global financial crisis *see* global financial crisis (2008)
- IMF *see* International Monetary Fund (IMF)
- Paris and London Clubs 332–5
private financial actors *see* private financial actors
transnational financial regulation *see* transnational financial regulation
see also foreign economic policy
- International Forum of Sovereign Wealth Funds 279
- International Monetary Fund (IMF) 201–3, 223
crisis responses
conditionality 229–30, 246–7, 327, 346, 351–2
East Asian financial crisis (1997) 227–31
Emergency Financing Mechanism 225
eurocrisis 163, 349–52, 353, 357, 366
Flexible Credit Line 235, 246
global financial crisis (2008) 234–5
Global Stabilization Mechanism proposal 345–6
Latin American debt crisis (1980s) 220–21
sovereign debt restructuring mechanism proposal 335, 338–40
currency manipulation, disciplinary role 182, 183–4, 211–12, 233
emerging market economies' criticisms of 227–8, 233–4, 238
- FX reserves of states
analysis of 117–19, 120, 232–3
IMF loans of FX 202–3

- General Arrangements to Borrow
 - 206, 207, 245
- lender of last resort status 244–7, 346
- members' contributions and voting rights 202, 239–43, 245
- New Arrangements to Borrow 245
- peripheral state members 213–14, 223
- Special Drawing Rights (SDR, basket currency) 125, 206–7, 239, 240, 243–4
- surveillance role 212, 233–4, 238, 247–9, 315
- Washington consensus 223–4
 - see also* Bretton Woods system
- International Organization of Securities Commissions (IOSCO) 252, 315, 316–18
- International Swaps and Derivatives Association (ISDA) 252, 253, 266
- internet payments 284–5
- interwar period, economic history 190–97, 199
- intractable Trilemma *see* Trilemma
- inverted yield curves 15–16
- investment banks 66, 94–5, 261–2, 269, 304
- investment-grade bonds 75
- IOSCO (International Organization of Securities Commissions) 252, 315, 316–18
- IR *see* interest rates (IR)
- Iran 73, 252, 286–7, 299–300, 319–20
- Iraq 299, 333
- Ireland 149, 150, 160, 162, 163, 348, 364
- ISDA (International Swaps and Derivatives Association) 252, 253, 266
- Italy 160, 163, 196, 271, 360, 365
- Japan
 - banking sector 269
 - economy policy ('Abecomics', 2012–) 145–7, 174–5
 - global effort to weaken yen (2011) 237–8
 - Government Pension Investment Fund 272, 273
 - IMF, voting rights at 241
 - lost decade (1990s) 143–5, 218
 - net debt calculation 87
 - 'Nixon shock' response (1971) 209–10
 - pension system, estimated deficit 273
 - yen as reserve currency 63, 243
- JP Morgan Chase 94, 104–5, 138–9, 141, 142, 267, 289
- junk bonds 75, 149, 158, 160
- Keynes, John Maynard 35, 198
- Korea *see* South Korea
- Korean war 84–5
- Latin America
 - ALADI reciprocal payments and credits agreement 328–9
 - debt crisis (1980s) 219–21, 323, 328, 334
 - development banks 329
 - reserve fund (*Fondo Latinoamericano de Reservas*) 327–8
- legitimacy of institutions 366–9
- lenders of last resort
 - central banks as 11–12, 30, 37, 58, 83, 99
 - ECB's resistance to role 162
 - IMF's role 244–7, 346
 - US as global lender of last resort 69, 109–11, 175–6
- lending *see* borrowing
- leverage ratios of banks 310–11
- LIBOR rigging scandal 289–90, 318
- liquidity
 - currency swap arrangements *see* currency swap arrangements
 - liquidity requirements of banks 311
 - market liquidity 34
 - official liquidity *see* monetary base (official liquidity)
 - private liquidity *see* money supply (private liquidity)
- London Bullion Market Association 298
- London Club 334–5
- London Conference (1933) 194
- London Gold Fix 298
- long-term portfolio flows 36

- longer-term refinancing operations (eurocrisis measure) 159–61
- Louvre Accord (1987) 217–18
- managed float exchange rate regimes 57–9, 76, 136, 211
- Manila Framework (1997) 227–8
- market economics 2–3
 - currency crises and 230–31
 - exchange rates, market effects on 45–7, 54
 - FX markets *see* foreign exchange markets
 - global capital markets *see* global capital markets
 - interest rates, market effects on 8, 9
 - private financial actors *see* private financial actors
 - sovereign bond markets *see* sovereign bond markets
- market liquidity 34
- MasterCard 284, 285
- MBS (mortgage-backed securities) 96–7, 100, 234, 279–80, 303
- Mexico
 - financial crises 88, 219–21, 224–5, 323, 335
 - FX reserves 141, 142
 - sovereign bond issues 335–6
 - US currency swap arrangement with 110
- MMFs (money market funds) 263–4
- mobile payments 284–5
- monetary base (official liquidity) 18
 - changes, impact on money supply 82
 - global official liquidity 33, 34
- monetary policies 5–6, 17–18, 301
 - benchmark interest rates *see* benchmark interest rates
 - capital controls *see* capital controls
 - central bank loans to banks 22
 - as lenders of last resort 11–12, 30, 37, 58, 83, 99
 - contractionary policies 17, 31–2, 44, 69
 - deposit insurance 9, 79, 256
 - expansionary policies 17, 29–31, 43–4, 69
 - quantitative easing (QE) 99–102, 111–12, 144, 158–9, 236–7
 - in four scenarios 27–8
 - economic downturns (scenarios 1 and 2) 28–31, 174
 - economic upturns (scenarios 3 and 4) 31–2
 - open market sovereign bond trade *see* open market sovereign bond trade
 - required reserve ratio (RRR) 9, 21–2, 37, 307
 - US FRS changes to 79–80, 81
 - of US FRS *see* Federal Reserve System (US central bank), monetary policies *see also* central banks (CBs)
- money laundering/terrorist financing control
 - FATF (Financial Action Task Force) 318–20
 - payment systems, surveillance of and by 252, 283–4, 285–6, 295, 299
- money market funds (MMFs) 263–4
- money supply (private liquidity) 9–10, 18
 - global private liquidity 34
 - monetary base changes, impact on 82
- money types 8–9, 290–92
- Moody's 74, 279–80
- mortgage-backed securities (MBS) 96–7, 100, 234, 279–80, 303
- MSCI indexes 76–7, 129, 288
- Mt. Gox 294–5
- multinational companies 254–6
- Nauru 241
- NEER (nominal effective exchange rate) 46
- negative interest rates *see* interest rates (IR), negative IR policies
- net debt calculations 87
- net income 39
- neutral monetary policies 17–18
- New Arrangements to Borrow (IMF) 245
- New Development Bank (BRICS group) 131, 330–31

- New York Stock Exchange (NYSE) 258
- Nigeria 138–9, 278–9
- ‘Nixon shock’ policies (US, 1971)
209–10
- NML Capital 274–5, 341–4
- nominal effective exchange rate (NEER)
46
- Norway 46, 277
- NYSE (New York Stock Exchange) 258
- Obama, Barack 235
- odious debt 344
- official liquidity (monetary base) 18
changes, impact on money supply
82
global official liquidity 33, 34
- oil prices 3–4, 63–4, 130, 213–14, 219,
268
- \$100 bills 291–2
- 100% reserve banking systems 10
- open market sovereign bond trade 22–4,
25, 27
by Bank of Japan 145–6
by ECB during eurocrisis 152–7
by US FRS 82, 86–7
see also central banks (CBs);
sovereign bond markets
- Outright Monetary Transactions
(eurocrisis containment measure)
152–4, 156–7
- Pakistan 77, 320, 325
- Panda bonds (yuan-denominated) 127
- Paris Club 332–4
- payment systems 281–4, 320
bitcoin 292–6
credit cards and internet payments
284–5
digital cash 290–92
informal payment networks 299–300
SWIFT 252, 253, 282, 285–7
see also banking industry
- Paypal 284, 285
- pension funds 272–3, 276
- peripheral states
core (reserve currency issuing)
states compared 75–6, 346
- dollar-denominated debt,
dependency on 132–4, 175–6,
219–21, 224–5
- emerging market economies *see*
emerging market economies
- eurocrisis *see* eurocrisis
- FX reserves of 139–41, 142–3
- IMF membership 213–14, 223
- pyramid of states 64–5, 188
- Trilemma, impact on 134–6
Argentina case study 136–8
Nigeria case study 138–9
- petrodollars 64, 214, 219
- Phillips curve 212–13
- Plaza Accord (1985) 143–4, 215–18
- Ponzi schemes 301–2
- portfolio flows 36, 133
- Portugal 150, 159, 160, 323, 359
- precautionary FX reserves *see* foreign
exchange reserves of states
- private equity companies 276
- private financial actors 251–7
asset management companies 271–2
banking industry *see* banking
industry
credit rating agencies (CRAs) 74–6,
77, 279–81
- FX markets *see* foreign exchange
markets
- global capital markets *see* global
capital markets
- hedge funds 273–6
- index companies 76–7, 128–30,
138–9, 288–90
- ISDA (International Swaps and
Derivatives Association) 252,
253, 266
- payment systems *see* payment
systems
- pension funds and insurance
industry 272–3, 276
- private equity companies 276
- securities markets *see* securities
markets
- sovereign wealth funds 276–9
- US actors, extraterritorial reach
74–7, 128–30, 138–9, 141,
142, 269, 271, 288
- private liquidity (money supply) 9–10,
18

- global private liquidity 34
- monetary base changes, impact on 82
- prudential regulation of banks 9–12
 - capital-to-deposit ratio 307
 - macro-prudential regulation *see* transnational financial regulation
 - national regulators, relations between 304–6, 312
 - RRR (required reserve ratio) 9, 21–2, 37, 307
 - US FRS changes to 79–80, 81
 - solvency ratio 307
 - by US FRS 78–80, 91–6, 304–5
- public infrastructure spending 29
- public-private financial actors *see* private financial actors
- purchasing power parity of currencies 45–6

- Qatar 277–8
- quantitative easing (QE) 99–102, 111–12, 144, 158–9, 236–7
- quotas (IMF members' contributions and voting rights) 202, 239–43, 245

- recessions 3, 4
 - central bank responses to 28–31, 132–6
 - Great Recession *see* Great Recession (2007–9)
 - Greek recession (2013–18) 357–8
 - inverted yield curves and 15–16
- regional economic arrangements *see* Asia; Latin America
- remittances by workers 39
- repurchase (repo) agreements 108
- required reserve ratio (RRR) 9, 21–2, 37, 307
 - US FRS changes to 79–80, 81
- reserve currencies
 - Chinese yuan 63, 119, 123, 125–8, 130, 243
 - euro 63, 243
 - Japanese yen 63, 243
 - pyramid of states 64–5, 188
 - core and peripheral states compared 75–6
 - reserve tranche (states' IMF contributions) 239–40
 - Special Drawing Rights (IMF basket currency) 125, 206–7, 239, 240, 243–4
 - Swiss franc 63, 297
 - UK pound sterling 63, 243
 - US dollar's predominance 62–4, 65–7, 127, 130–32, 198, 211, 243, 291–2
- reserves of banks 9–11, 21–2
 - interest rates on 81–2
 - required reserve ratio (RRR) 9, 21–2, 37, 307
 - US FRS changes to 79–80, 81
- reserves of states
 - FX reserves *see* foreign exchange reserves of states
 - gold 58–9, 296–8
- Roosevelt, Franklin D. 194, 195
- Rosneft privatization 277–8
- RRR (required reserve ratio) 9, 21–2, 37, 307
 - US FRS changes to 79–80, 81
- Russia 73, 225, 228, 277–8, 287, 297–8
 - see also* BRICS group

- sanctions
 - under Stability and Growth Pact 166–8, 172
 - US imposed 73, 127, 128, 277–8, 283–4, 286–7, 288, 299–300
- Saudi Arabia 64, 245, 278
- savings deposits 8–9
- SDR (Special Drawing Rights, IMF basket currency) 125, 206–7, 239, 240, 243–4
- Second World War *see* World War II
- secondary market sovereign bond trade
 - see* open market sovereign bond trade
- securities markets
 - asset-backed securities (ABS) 96–7
 - bond markets 260
 - eurobond market 264–5
 - sovereign bonds *see* sovereign bond markets
 - clearing houses 287–8
 - derivatives markets 107, 265–7, 287–8

- global markets 34–5
- IOSCO (International Organization of Securities Commissions) 252, 315, 316–18
- money market funds (MMFs) 263–4
- mortgage-backed securities (MBS) 96–7, 100, 234, 279–80, 303
- over-the-counter (OTC) markets 260, 267
- stock markets *see* stock markets
- Securities Markets Program (eurocrisis containment measure) 152
- securitization of debt 97
- seigniorage 127
- settlement of payments 282
- shadow banks 270–71
- Shanghai Gold Fix 298
- short-term portfolio flows 36
- SIFIs (systemically important financial institutions) 91–4, 309
- Singapore 110, 121–2, 227
- SIPS (systemically important payment systems) 282–3
- Smithsonian Agreement (G-10, 1971) 210
- Society for Worldwide Interbank Financial Telecommunications (SWIFT) 252, 253, 282, 285–7
- solvency ratio of banks 307
- Soros, George 261
- South Africa 113, 242
 - see also* BRICS group
- South America *see* Latin America
- South Korea
 - Chiang Mai Initiative
 - Multilateralization 326–7
 - financial crisis (1997) 226, 229, 230
 - FX reserves 141, 142
- sovereign bond markets 3, 12, 13–15, 24
 - bonds as collateral 16–17, 66–7, 159–60
 - CACs (collective action clauses) in bonds 335–7, 353
 - Chinese markets 126–7, 129–30
 - eurocrisis responses affecting 152–9
 - Greek bonds exchanged for EFSF bonds (2012) 353–5
 - foreign investments in (portfolio flows) 36, 133
 - global markets 34
 - investment-grade bonds 75
 - junk bonds 75, 149, 158, 160
 - open market trade by central banks
 - see* open market sovereign bond trade
 - of reserve currency issuers 65–7
 - US market 65–7, 72–3, 84–7
 - T-bill market 66–7, 72, 84, 98, 232
 - ‘vigilantism’ in 29–30
 - yield curves 15–17
 - yields by country (July 2016) 173
- sovereign debt restructuring mechanisms 335, 338–40
- sovereign equality of states 61
 - core and peripheral states *see* core states; peripheral states
 - Germany as *de facto* sovereign of Eurozone 148, 151–2, 155–6, 164, 165–6, 364
 - sovereign’s divergence from other states’ policies 179–81
 - UK as gold standard administrator 186–9, 192
 - US as global sovereign *see* United States, as global sovereign
- sovereign immunity 340–44, 355
- sovereign wealth funds 276–9
- Spain 150, 160, 163, 359, 360, 364
- Special Drawing Rights (SDR, IMF basket currency) 125, 206–7, 239, 240, 243–4
- special purpose vehicles (SPVs) 97
- Stability and Growth Pact (Eurozone) 148–9, 166–8, 171–2
- stagflation (1970s) 212–13
- Standard & Poor’s 74, 128–9, 279
- state capitalism in China 255–7
- state economic relations (four scenarios) 178–81
- state immunity 340–44, 355
- sterilization operations by central banks 49–51, 188
- stock markets 2–3, 258–9
 - ‘Black Monday’ crash (October 19, 1987) 218
 - dark pools (anonymous trading venues) 258–60

- foreign investments in (portfolio flows) 36, 133
- global markets 35
- high-frequency trading 259
- indexes for 76–7, 128–30, 138–9, 288–90
- runs on markets 302–3
- Sudan 64
- supply and demand in market economies 2
- surveillance
 - Eurozone, budgetary surveillance of members 171–2
 - IMF role 212, 233–4, 238, 247–9, 315
 - money laundering/terrorist financing control
 - FATF (Financial Action Task Force) 318–20
 - payment systems, surveillance of and by 252, 283–4, 285–6, 295, 299
- swap agreements
 - currency swap arrangements *see* currency swap arrangements
 - debt-for-equity swaps 220–21
- Sweden 182
- SWIFT (Society for Worldwide Interbank Financial Telecommunications) 252, 253, 282, 285–7
- swing producers of commodities 64
- Switzerland 63, 111, 196, 247, 292, 297, 322
- systemically important financial institutions (SIFIs) 91–4, 309
- systemically important payment systems (SIPS) 282–3
- T-bills (short-term US government bonds) 66–7, 72, 84, 98, 232
- Taiwan 127, 141, 142
- TARP (Troubled Asset Relief Program) (US) 103–4
- Term Securities Lending Facility (US) 108–9
- terrorist financing control
 - FATF (Financial Action Task Force) 318–20
 - payment systems, surveillance of and by 252, 283–4, 285–6, 295, 299
- Thailand 226
- Timor Leste 223
- Tinoco, Frederico 344
- ‘too big to fail’ institutions (aka SIFIs) 91–4, 309
- transnational financial regulation 251–4
 - Basel Accords 305–12
 - financial instability, sources of 301–3
 - global regulatory bodies 312–13
 - Basel Committee on Banking Supervision 313–14
 - FATF (Financial Action Task Force) 318–20
 - FSB (Financial Stability Board) 234–5, 270, 280, 315–16
 - IOSCO (International Organization of Securities Commissions) 252, 315, 316–18
 - private actors *see* private financial actors
 - national regulators, relations between 304–6, 312
 - role of regulation 303–4
 - see also* international economic system
- Treasury departments *see* fiscal authorities (FAs)
- Trilemma 6, 33, 51, 53–6, 62
 - Chinese solution 122–5
 - ERR to manage *see* exchange rate regimes (ERR)
 - eurocrisis and 154–6
 - Eurozone solution 148
 - gold standard (1819–1914) and 187
 - peripheral states and 134–6
 - Argentina case study 136–8
 - Nigeria case study 138–9
 - US solution 74, 222
 - see also* foreign exchange markets, central bank intervention
- Tripartite Agreement (US, UK and France, 1936) 89, 196
- ‘troika’ (EU/ECB/IMF) 163, 350
- Troubled Asset Relief Program (TARP) (US) 103–4

- Turkey 75
- unconditional lenders of last resort *see*
lenders of last resort
- underemployment 4
- unemployment 4, 5
in 1980s 215
in Greece (2013–18) 357–8, 365,
369
- UnionPay 284
- United Kingdom
Bank of England 111, 193, 204, 205,
222, 261, 325–6
currency swap arrangements 325–6
East India Company 254
Exchange Equalization Account
87–8
gold standard
administrator role 186–9, 192
abandonment of 87, 89, 193
1960s economy 207, 323
pension system, estimated deficit
273
pound sterling as reserve currency
63, 243
Tripartite Agreement (1936) with
US and France 89, 196
- United States
banking sector 269, 281–2
capitalism, US model 254–7
dollar *see* dollar (US)
economic policies
fiscal policies *see under* US
Treasury
monetary policies *see under*
Federal Reserve System
(US central bank)
in interwar period 193–5
in 1960s (balance of payments
crisis) 203–7, 208
in 1970s 209–10, 213
in 1980s 215–18
in 2007–9 Great Recession
see Great Recession
(2007–9), US policy
responses
economic policies of other states,
concerns about
China 74, 116, 131–2, 268
Germany 115, 169
Plaza (1985) and Louvre
Accords (1987) 143–4,
215–18
as global sovereign 61–2, 175–6,
203, 346–7
currency swap arrangements
109–11, 206, 324, 325,
346
dollar as prime reserve currency
62–4, 65–7, 127,
130–32, 198, 211, 243,
291–2
economic sanctions imposition
73, 127, 128, 277–8,
283–4, 286–7, 288,
299–300
FX markets, US influence
see foreign exchange
markets, US influence
on
global capital markets, US
influence on 69–72
private financial actors,
extraterritorial reach
74–7, 128–30, 138–9,
141, 142, 269, 271, 288
privileges, responsibilities and
risks of role 65–9, 112,
204
US as global lender of last
resort 69, 109–11
gold reserves 296, 297
gold standard
adoption (1873) 186
abandonment 193, 194, 195,
209
housing market crash (2008) 96–8,
178
see also global financial crisis
(2008)
IMF, voting rights at 240
net debt calculation 87
public pension funds 272, 273
sovereign bond market 65–7, 72–3,
84–7
T-bill market 66–7, 72, 84, 98,
232
Tripartite Agreement (1936) with
France and UK 89, 196
universal leverage ratios of banks 310–11

- US Treasury
 - Exchange Stabilization Fund (ESF)
 - 87–91, 195, 206, 244, 264
 - fiscal policies 83–4
 - bond issues 66–7, 72–3, 84–7, 98
 - FRS
 - coordination with Treasury
 - 85–7, 88–9, 90, 98
 - independence from Treasury
 - 77, 78, 85, 90–91, 222
 - power to liquidate financial
 - companies 92–3
 - see also* Federal Reserve System (US central bank)
- Venezuela 288, 289
- venture capital 276
- ‘vigilantism’ in markets 29–30, 47, 261
- Visa 284, 285
- Volcker rule 94–5

- Washington consensus 223–4
- Wikileaks 285
- worker remittances 39
- World Bank 245, 315, 329, 330
- World Trade Organization (WTO) 182–4
 - GATT (General Agreement on Tariffs and Trade 1994)
 - 182–4, 209, 210, 233
- World War I
 - German reparations to France and UK 193, 257, 321
 - gold standard collapse 189–90
- World War II
 - economic causes of 197
 - Germany, post-war debt reduction
 - 203, 332, 340
 - US economic policy in 84–5
- yen (Japanese currency)
 - appreciation after Plaza Accord (1985) 143–4, 216–18
 - global effort to weaken (2011) 237–8
 - as reserve currency 63, 243
 - yield curves 15–17
- Young plan 192–3, 321
- yuan (Chinese currency)
 - currency attack and defence strategies (2016) 119–20, 122–5
 - devaluation strategy (1990s) 116–17
 - ‘fundamental misalignment’ of 233, 238
 - as reserve currency 63, 119, 123, 125–8, 130, 243
- Zambia 135, 240
- Zimbabwe 128

