My Currency your Problem

(a) At the G10 Rome meetings in 1971, U.S. Treasury Secretary said: "The dollar is our currency, but it is your problem." U.S. is a national currency and global economy uses it as global currency, and faces consequences.

(b) Global Financial Crisis (2008) brought to the fore consequences of the monetary non-system.

(c) What are the alternatives?

(d) We in the Stiglitz Commission advocated a New global reserve system through reformed IMF or a Global Reserve Bank.

(e) The Palais Royal Initiative Report suggested better use of SDR by IMF and private sector through a global agreement for currency built on some national currencies with IMF playing a central role.
to sell gold out of their reserves in the preceding decade.

Their addition to gold reserves since 2008, in contrast, the central banks were rushing

with enforceability based on generally trusted dispute resolution mechanisms.

(e) Money in the modern world should ideally be a legal tender to settle contractual claims

with a national currency as a global one.

(d) Multiple national currencies system mitigates but does not solve problems associated

trade. Capital account of U.S. is strong and dominates financial system.

(c) The current account of China is strong and it has a commanding presence in global

now part of SDR.

expanding at this juncture predominately for public sector transactions. China’s Yuan is

(b) U.S. Dollar Remains the Principal Global Currency, but Use of China’s Yuan Is

Hannon and Peter Drus join their book titled “Revolution Required” (2017),

(a) “Global Financial System Remains Fragile. The World Economy Struggles to Recover,” Hereve

Revolution Required
By Passing Wall Street Treasury Complex

a) Professor Jagdish Bhagwati said in 1998. "This powerful network, which may aptly, if loosely, be called the Wall Street–Treasury Complex, is unable to look much beyond the interest of Wall Street, which it equates with the good of the world."

b) Global Financial Crisis occurred in 2008. Globally coordinated fiscal and monetary stimulus was followed by assurance to improve global financial system. Too big to fail banks remain. Central banks and regulators are still reluctant to annoy financial markets. Regulatory reform is yet to be fully in place.

c) Money is multiplied and leveraged by finance. The global currency is the U.S. Dollar. Global finance is still virtually controlled by Wall Street. It has close links to U.S. Government. The financial sector though globalized, is regulated by national authorities.

d) China had built large amounts of forex reserves which were invested in the past mostly in the financial assets till recently. Of late, China is converting external official financial assets into physical assets abroad. These are outside global financial system, governed by bilateral agreements between governments and their own enterprises. China is investing heavily in real estates, mines and infrastructure in different countries. China is making these investments despite the high risk, low return and illiquidity associated with them.

e) We now have a global financial system that is being bypassed by soon to be largest economy in the world. IMF and World Bank find their debt sustainability analysis of some countries less than fully reliable.
calls for multi-polar multi-dimensional initiatives from all countries.

8. Global monetary non-system is under challenge and global finance is being bypassed. This


unpredictable than ever, it is an opportunity that should not be missed. — Andrew Sheng &

spearheaded a shift toward a truly regional reserve asset. With U.S. leadership more

leadership more

"The rise of crypto currencies has created a unique opportunity for market forces to

draw those of a trade war" - Yu Yongding in Project Syndicate. (2018)

of avoiding the Thucydides Trap, thereby preventing a clash with consequences that would

consequences. Then U.S. and Chinese leaders can turn their attention to the broader problem

One hopes that the war drums will be silenced through negotiation and mutual

Ivy. My friends offer hope. Let me quote:

"Will there be replacement of existing system with a genuine multi-polar system?"

each other?

"Will the future be a new bipolar where U.S. and China's economies are dependent on

I will current U.S. dominance in money and finance exist in competition with China?"

"What made war inevitable was the growth of Athenian power and the fear this caused in

An Athenian historian and general, Thucydides recognizing the fifth century B.C. War, wrote:

Thucydides Trap
**Mutual Education and No Accomplishments**

1. Global Financial Crisis has been attributed to flawed institutions and flawed ideologies in regard to International Financial Architecture (IFA).

2. IFA consists of IMF, World Bank and WTO. More recently G20 and, to some extent, Financial Stability Board (Bank for International Settlement) have been added.

3. What has been the progress in regard to reform envisaged? How equipped are they to meet the new challenges?

4. Has the role of Credit Rating Agencies, Accounting firms and news agencies that dominate the IFA changed for better?

5. Above all, how effective has been G20, a pure consultative body? Its recommendations have to be effectuated by the institutions as per their governance.

6. Issues include reconciling:
   
a) Effectiveness and representativeness;
   b) Contextual and structural agenda;
   c) Focussed verses diffused;
   d) Having started with a focus on crisis, has it outlived its existence?

7. Edward M. Truman of Peterson Institute said in 2011 about G20 "Overall, the G20 Summit at Cannes resulted in some useful mutual education but not much in terms of concrete accomplishments."
accommodate "..." Shameeshed Atwasr player in this system... "...Looking ahead, a more nuanced agenda for Multi-Interallism will need to

The state of Multi-Interallism today stands at a critical juncture... Asia Pacific has become a critical

largely determined by the countries of Asia Pacific region.

7. ESCAP should be complimented for recognising that the future of Multi-Interallism will virtually be

balances will be simultaneous and very rapid.

6. In each of these changes, the determining factor will be Asia Pacific Region. The changes in the

5. Other changing balances are:

- Accountability and stability.
- Finance and real
- Global vs. regional
- National vs. global.
- Developed and developing.

4. Role of the State vs. the market is being redefined across the countries.

3. Many countries are seeking greater policy space for the national governments vs. globalisation.

2. These changes are happening through rapidly changing balances.

1. The ESCAP Report captures several fundamental changes that are occurring in the global economy.