



School of Finance,
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East Asia, Beijing

Reforming the Global Monetary System, Beijing

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***The Multi-Currency System,
Including Internationalization of the Renmimbi***

Remarks by

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Considerations

- Kindleberger Hypothesis: Global Hegemon Issues
Global Currency
- Remember 1980s Currency Zones: DM-Yen-\$
- What is the Role of Global Currency?
 - Unit of Account?
 - Imaginary Money
 - Means of Financing Global Transactions
 - Open Capital Markets
 - Means of Global Liquidity/ Store of Value
 - Global Imbalances
 - RMB not before 2030

What is the Problem?

- Volatility
 - Trade Off between Exchange Rate Stability and Internal Stability
 - Traded Non-traded goods sectors
 - Domestic Costs/productivity
- International Adjustment Mechanisms
 - Exchange Stability-- External Account Balance
 - Capital Account versus Current Account

What is the Problem

- Keynes: Asymmetric Adjustment
 - Problem was National Policy Autonomy
 - Gold Standard, Bretton Woods Equivalent
 - Creditors versus Workers
 - Employment versus Price Stability
 - Euro has no Mechanism
- National Development Strategies
 - Domestic Development versus Foreign Creditors
 - Capital Markets



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**AN ALTERNATIVE PERSPECTIVE ON
GLOBAL IMBALANCES AND
INTERNATIONAL RESERVE CURRENCIES¹**

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