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DOMENICO LOMBARDI

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THE GROUP OF TWENTY'S MEETINGS, GLOBAL MACROECONOMIC POLICIES, AND RESPONSES

The scale and severity of the current crisis have highlighted the role that the leaders of the Group of Twenty (G-20) have played in mitigating its impact and putting the world economy on the path to recovery. The G-20, which was established in 1999 in the aftermath of the Asian financial crisis, has provided a high-level platform for systemically important countries to discuss analyses and policy responses in the unfolding of the deepest recession that the global economy has experienced since the Great Depression. Building on a more inclusive base than the G8, the G-20 has seen the emergence of its Leaders' Summit as a world steering committee that provides a unique opportunity for involving heads of states and governments in the policy discussions to address this unprecedented international crisis.

THE G-20'S RESPONSE TO THE CRISIS

At the latest G-20 Leaders' Summit on April 2, 2009, in London, the leaders agreed on unparalleled fiscal expansion and easing of monetary policy, while refraining from competitive exchange rate depreciations. Moreover, recognizing that many developing countries would not have enough resources to assemble U.S.-style fiscal stimulus packages for supporting their economies and bailing out their respective financial sectors, the G-20 committed to an extraordinary increase in multilateral resources totaling more than $1 trillion—channeled mainly through the International Monetary Fund.

The G-20, being cognizant that the nature and scale of the financial crisis required a harmonized global policy response, charged the IMF with the task of monitoring policy implementation by the various national governments. However, though the G-20 has managed to reach a consensus on the nature, scope, and magnitude of the required policy response to the crisis, it has fallen short of producing a coordinated policy framework to which participants could commit by adopting quantitative policy targets, which the IMF could then use to assess progress in implementation.

Despite the novelty of the current G-20 process, it therefore does have some elements in common with the international community's traditional approach to the episodes of instability that have affected the world's monetary and financial system since the 1980s.

Following such episodes, the response has typically been formulated on a case-by-case basis, with an emphasis on domestic factors rather than on systemic determinants. In this respect, the G-20 has re-proposed a format similar to that of IMF's multilateral surveillance following the demise of the Bretton Woods system, whereby policy developments are discussed and views are exchanged multilaterally but the participating systemically important countries zealously retain their national prerogatives to formulate their own economic policies and decide the pace of implementation, even though such policies could have unprecedented spill-over effects on the global economy.

CHALLENGES IN THE G-20'S RESPONSE

The focus of the G-20's discussions has so far been on providing a common platform for thinking about the response to the economic and financial crisis. Though discussions have centered on the appropriate fiscal and monetary policy response, however, they have not addressed the policy shifts required for the global economy's long-term sustainable growth. For example, a long-recognized and major systemic risk has been the disorderly unwinding of global imbalances, which has provided the macroeconomic conditions that have driven investors to seek out returns further down the credit quality curve due to very low interest rates. Once the current crisis was in full swing, the policy response with respect to these imbalances remained neither very collaborative nor very well coordinated, and progress continued to be less than satisfactory; the IMF's Multilateral Consultation of 2006–7 produced only the slightest interest in this issue, and the most recent G-20 summits do not appear to have even touched upon it.

Moreover, the G-20 thus far has not addressed the policy shifts required for more inclusive economic growth, which reflects the lack of representation of poor countries in the G-20. An indirect confirmation of this is the G-20's symbolic allocation to the multilateral development banks at the London Summit ($100 billion of additional lending out of the overall pledge of $1.1 trillion).[1] This is in stark contrast to the resources and role assigned to the IMF in the current crisis, reflecting the G-20 leaders' priority of preventing the transmission of the financial crisis to emerging market countries. Whether such asymmetries in the G-20's focus will be amended in due course remains to be seen.

The crisis has also underlined some important sources of asymmetry in the international monetary system. Countries with hard currencies have been able to rely on their monetary authorities as sources of precautionary finance by means of the rediscounting and other facilities they make available.[2] For instance, the U.S. Federal Reserve and the European Central Bank have put large amounts of liquidity at the disposal of the banking system without facing the danger of a collapse in the external prices of their respective currencies. But this does not hold true for emerging market economies, whose national currencies are not reserve assets in the international economy, which means that the currencies' supply cannot be significantly increased or they might face a severe decline in value. As a result of these conditions, some developing countries rely on their previous accumulation of foreign exchange reserves and/or multilateral financial assistance to counter capital flow reversals.

Prompted by the need to strengthen the reserve asset position of developing countries' economies, the G-20 endorsed a general allocation of Special Drawing Rights (SDRs) equivalent to $250 billion,[3] which became effective on August 28, 2009.[4] The provision of the potential credit that SDR holdings entail is intended to provide liquidity-constrained countries support with

unconditional financing by limiting their need for adjustment measures and allowing greater scope for countercyclical policies.[5] The broader aim is to alleviate the concerns of those countries that might be induced to increase their reserve assets in response to the systemic uncertainty stemming from the crisis by managing their currency exchange rates so as to generate large trade surpluses. If such policies were to be followed by several countries at once, the global trading system and thus worldwide economic activity would experience serious declines.[6]

Yet, because SDRs are an artificial unit of account with limited scope for use within the existing agreed-on parameters, the head of the Chinese central bank has proposed a significant overhaul aimed at enhancing the SDR's role. This would have the effect of creating a supranational reserve currency, which would remove the inherent instability of the international monetary system that is embedded in its use of a single-nation credit-based currency. It is relevant that the Chinese proposal is implicitly based on the notion of the IMF as a truly supranational institution that oversees the international monetary system (see section III below).[7]

Most recently, the Commission of Experts of the President of the UN General Assembly on Reforms of the International Monetary and Financial System has advocated a greatly expanded role for the SDR through regular or cyclically adjusted issuances of SDRs as a better way of dealing with the international economic risks facing countries that are not issuers of hard currencies.[8]

ISSUES FOR DISCUSSION

Here, there are five main issues for discussion:

1. Has the G-20 helped to achieve a satisfactory degree of coordination among systemically important countries in formulating the policy response to the current global financial crisis?

2. How can national sovereignty in formulating economic policies be balanced with the increasing spillovers that such policies—when emanating from systemically important countries—can have on the global economy? What are the lessons from the crisis in this regard?

3. What are the most critical macroeconomic issues on which the Pittsburgh Summit should reach a consensus?

4. Should the G-20's focus on the immediate response to the crisis be broadened to include medium-term issues such as global imbalances and more inclusive growth?

5. How important is the issue of global imbalances likely to be?

DOMESTIC FINANCIAL REGULATORY REFORM IN THE G-20 COUNTRIES

The current global financial crisis can be partly attributed to the false sense of security created by the previous several years of low interest rates and high world economic growth. Although macroeconomic forces were at work—in the guise of low interest rates driving investors to seek out returns further down the credit quality curve—the financial system, partly in response to this, came up with new structures and financial instruments offering higher risk-adjusted returns, which were in fact far riskier than they seemed. It was not long before market discipline fell short, because optimism prevailed and due diligence was outsourced to credit-rating agencies.

To cope with these developments, however, there has only been fragmented surveillance, with policy debates scattered across various forums—such as the Bank for International Settlements, the G7 and now the G-20, the Financial Stability Forum (now the Financial Stability Board, FSB), and of course the International Monetary Fund. And there has also been insufficient cooperation among national financial regulators. This has prompted the G-20 to strengthen the FSB's mandate and to expand its membership to the remaining members of the G-20, thereby drawing in the large emerging market economies.

The crisis has also prompted the IMF and the FSB to better coordinate their respective work.[9] Although the surveillance of the global macroeconomic and financial system is the sole responsibility of the IMF, the elaboration of the international financial sector's supervisory and regulatory policies and standards, along with coordination across the various standard-setting bodies, is the principal task of the FSB. Obviously, the implementation of such standards remains the responsibility of national authorities, and it is assessed by the IMF through Financial Sector Assessment Programs, Reports on the Observance of Standards and Codes, and Article IV Consultations.[10] The key to this enhanced cooperation between the IMF and the FSB is the regular production of early warning indicators. The first such joint production was discussed by the International Monetary and Financial Committee at its last Spring Meetings.

The G-20 has also developed recommendations for how to strengthen the national regulatory frameworks by extending regulation and oversight to all systemically-important financial institutions, instruments, and markets, including hedge funds; by endorsing the FSB's principles on pay and compensation and supporting sustainable compensation schemes; by taking action to improve the quality, quantity, and international consistency of capital in the banking system so that regulation prevents excessive leverage and requires buffers of resources to be built up in good times; by fighting banking secrecy by taking action against noncooperative jurisdictions, including tax havens; by calling on accounting standard setters to work urgently with supervisors and regulators to improve standards for valuation and provisioning; and by extending regulatory oversight to credit-rating agencies.

Moreover, a debate is emerging on how to implement sound financial stability measures in a context where

the household and corporate sectors may threaten stability. In the United States, the Obama administration has proposed that the Federal Reserve become the overseer of financial stability. However, it is not clear whether this would entail additional powers for the Fed aimed at reducing leverage in the system and at defusing potential imbalances. It is even less clear whether the financial oversight function should be centered on central banks rather than on full-fledged regulatory agencies.[11]

ISSUES FOR DISCUSSION

Here, there are three main issues for discussion:

1. What is your assessment of recent changes in the G-20 countries' regulatory systems?

2. Are regulations becoming more countercyclical?

3. What impact does regulation have on capital flows to emerging markets? And what are the regulatory issues for emerging markets?

THE INTERNATIONAL MONETARY FUND: RESOURCES, ROLE, AND LONGER-TERM PROSPECTS

THE IMF'S RESOURCES

The unprecedented shock currently faced by the global economy has brought about a rapid increase in financing for the International Monetary Fund, admittedly from historically low levels. All this has happened against the backdrop of the IMF's own substantially declining financial resources, in relation to various global-economy metrics, since the last general increase in its member quotas in 1998.

The mobilization of unprecedented resources by the G-20's leaders has sought to ensure that the IMF can comfortably meet *potential* demand from its member countries while bolstering public confidence that international spillovers can be adequately managed. Recognizing that a general quota increase may require time, the IMF's resources have been supplemented by official borrowing, which has included direct bilateral lines of credit, the issuance of notes, and the expansion of existing credit arrangements within the New Arrangements to Borrow (NAB) (see table 1 below).[12]

Official borrowing, while providing the IMF with operational flexibility to address short-run financing needs, nonetheless poses delicate governance issues with respect to what entity is ultimately responsible for the utilization of resources. For instance, in the case of the activation of NAB resources, NAB participants *and* the IMF Executive Board must concur. In this regard, it has been stated that bilateral lending will feed into an expanded NAB, although it is not clear how much of the NAB resources will ultimately feed into a permanent quota increase.

In the context of a deepening worldwide crisis that was increasingly threatening the stability of the world economy, days before the G-20 Leaders' Summit in April 2009, where the participants would agree on a rapid and substantial increase in the IMF's lending capacity, the IMF announced a significant overhaul of its lending framework. Acknowledging that its programs, if available in suitable form and size, can reduce the severity of an external shock, the IMF established its new Flexible Credit Line, providing for uncapped resources to countries with a sound track record in policy implementation. In an unprecedented move, three countries—Mexico, Poland, and Colombia—requested precautionary assistance from the IMF under Flexible Credit Line terms. Also, access limits to the IMF's resources under its other facilities have been doubled,[13] and its unused facilities have been dropped,[14] while is conditionality has been simplified by scrapping structural performance criteria in favor of greater reliance on program reviews and ex ante policy measures.

In parallel, the IMF has stepped up its concessional lending framework for low-income countries.[15] Besides doubling its concessional lending access limits, its capacity has been increased to up to $17 billion through 2014, including up to $8 billion during the next two years, from an annual concessional lending capacity of roughly $6 billion in 2008. This exceeds the call made by the G-20 in London to double concessional lending. Thanks to the mobilization of additional resources, including the sale of IMF gold, the IMF will grant interest relief, with zero payments on outstanding concessional loans, through the end of 2011, to sustain low-income countries while they cope with the crisis. Moreover, interest rates will regularly be reviewed so as to preserve the concessionality of the resources loaned to poor countries. Finally, the IMF's facilities for low-income countries have been overhauled with the aim of better

meeting the needs of low-income countries and the crisis-induced challenges with which they are coping.[16]

All these reforms aiming at greater institutional effectiveness have materialized in an environment of, as yet, no substantial governance reform. Meanwhile, several reviews have been conducted inside the IMF itself;[17] in the so-called G-20 process, whereby IMF reform has been the focus of a dedicated working group;[18] and through other initiatives fostered by independent institutions, nongovernmental organizations, and scholars.[19] At the time of the writing of this paper, the final report on the IMF's consultations with the "fourth pillar" (e.g., academia, think-tanks, and civil society organizations) on its own governance reform process has just been finalized.[20] Though this stream of initiatives has produced a wealth of analyses and reflections, there is a unanimous feeling that what is needed now is action.

THE IMF'S ROLE AND LONGER-TERM PROSPECTS

As the current international crisis has unfolded, the IMF has gained significantly in prominence. By discussing IMF issues at their G-20 summits, for the first time in history, heads of states and of governments have taken on a task they traditionally mandated to their respective finance ministers. What this means in the long run for the IMF's role is unclear. Two scenarios can be envisaged.

In the first scenario, the IMF's member countries would use this opportunity to address its greatest challenge since the end of the Bretton Woods era in the 1970s, when its members withdrew political "capital," making it ineffective as a forum for multilateral discussions. That shift in authority away from the IMF and back to its member countries was a defining feature of the new IMF role that emerged after the demise of the Bretton Woods system, whereby national policymakers claimed absolute discretion for themselves in setting their economic policies.[21]

To counteract this shift and its effect on the IMF, member countries would need to be willing to delegate some sovereignty over their economic policies to the IMF, to enable it to function as a true solution-finding forum. So far, however, the IMF's own ministerial committee—the International Monetary and Financial Committee—has played a marginal role in its reform process. This has renewed calls from officials, analysts, and civil society organizations for the activation of Schedule D in the IMF's Articles of Agreement, concerning the establishment of a decisionmaking ministerial council.[22] Though this would give greater political impetus to the IMF's decisionmaking, its role—under this scenario—cannot be merely subordinate to that of the G-20.

Ideally, the G-20 finance ministers' forums could be absorbed into the IMF's new ministerial council. However, history tells us that member countries want to retain flexibility by, in addition to multilateral forums, having their own interministerial forums in which to discuss economic issues of common concern. As a result, the relationship between the new ministerial council and the G-20 could become one of coexistence, the contours of which would need to be defined through experience.

In the second scenario, the G-20 would indeed become the global steering committee, with the IMF serving as an executive arm (despite the existence of a ministerial council), because it is highly regarded for its fast, competent implementation capacity; its political capital, however, would still be provided by entities outside it. This alternative and, perhaps, more realistic scenario is more in line with recent history. Both scenarios, how-

ever, do hinge on the IMF as the international agency for overseeing the international monetary system. The former does so by providing the IMF with greater political capital and legitimacy; the latter by assigning to it more a role of "implementing agency."

Consistent with both scenarios is the renewed interest in the IMF shown by the G-20 countries, which significantly stepped up the IMF's lending capacity in order to build confidence that the financial crisis would not spill over, unchecked, to emerging market economies and other developing countries. However, under the first scenario, such an enhanced lending capacity would be geared toward underpinning the IMF's main role as provider of "the machinery for consultation and collaboration on international monetary problems," as stated by Article I of the IMF's Articles of Agreement. Under the second scenario, more simply, the lending capacity would underpin the IMF's support for medium-sized and small members when hit by a crisis, upon their request. The scope and nature of the IMF's next institutional reforms will determine what role its membership intends for it.

ISSUES FOR DISCUSSION

Here, there are three main issues for discussion:

1. Are systemically important countries prepared to endow the IMF with the necessary political capital to make it an effective multilateral forum? If so, under what conditions?

2. What scope is there for far-reaching IMF reforms, and how should they be prioritized? For instance, should the sequence be quota review, appraisal of the Executive Board's role and composition, and establishment of a ministerial council?

3. Following from the recent use of SDRs, should the IMF become an issuer of a supranational currency?

THE UNITED STATES AND THE INTERNATIONAL ECONOMIC ARCHITECTURE

The new U.S. presidential administration may provide an important political impetus for reforming the international economic architecture, building on the favorable momentum set by the G-20 process. One of the key tasks for the new administration will be to consider the comparative advantages of intergovernmental forums such as the G-20, the G-8, and an "enhanced" G-8. With regard to the enhanced G-8, there have been proposals to expand its membership to include the five leading emerging market economies—Brazil, China, India, Mexico, and South Africa—to form a "G-13"; or, as French president Nicolas Sarkozy has suggested, to also include Egypt, forming a "G-14." So far, U.S. officials have refrained from publicly making any statement on this matter, but it seems likely that the Obama administration will continue to support the current process led by the G-20 on reforming the international financial architecture. Obviously, given the United States' political and economic weight, analysts are eager to see behind which forum, if any, the administration will decide to put its full political weight, or if it will maintain a more "opportunistic" attitude by leveraging the variable geometry of the different intergovernmental forums to bolster its own agenda.

Along similar lines, the new U.S. administration will need to develop its own view regarding what it considers an appropriate relationship between the G-20 and the IMF and the other international financial institutions. Clearly, the G-20, G-8, and the like are relatively informal bodies through which ministers and leaders develop close personal relationships and exchange ideas freely without their becoming immediately binding.[23] Such ideas can then be further reviewed, shaped, and fine-tuned by the formal governance bodies of multilateral institutions, which, under current international law, are the only entities that may legitimately make decisions within the purview of their respective institutions.

Underpinning all this is the vision that the U.S. administration will choose to embrace regarding America's broader role in the international economic architecture. Will it be one of substantial continuity with recent history? (For instance, powerful members of the IMF have been pushing it to do more surveillance, though these same members have not yet delegated it enough power to conduct surveillance in ways that might be more effective.) Will the U.S. administration develop an integrated vision of the multilateral system, whereby the status of UN-based agencies shared by the Bretton Woods institutions will be given operational content? (For instance, all the various efforts promoted by the IMF and the G-20 on developing a suitable agenda for the IMF's reform may conflict with those promoted through the Commission of Experts of the President of the UN General Assembly on Reforms of the International Monetary and Financial System.)

More specifically, the new U.S. administration will need to explicitly state its priorities for reform vis-à-vis the international financial institutions. The previous administration had in fact publicly expressed its priorities for IMF reform.[24] Clearly, the United States is pivotal to any broad reform of the IMF, not just for its blocking veto but also on account of its preeminent political role in the global governance system.[25] The latter point also applies to those institutions, such as the Inter-American Development Bank, where the United States does not technically exercise a blocking veto but where its support is nonetheless desirable for forging a shared consensus on any intended reform.

A sensitive issue for the new U.S. administration, due to the potential repercussions for broader internal politics, will be to define its stance on the election of the heads of international financial institutions, particularly the IMF and the World Bank. The traditional practices, whereby a Western European is elected to the helm of the IMF and a U.S. citizen to that of the World Bank, are inconsistent with the multilateral nature of these institutions and challenge their legitimacy.[26] There have been a number of attempts to break these outdated conventions and, most recently, the G-20 finance ministers supported the consensus for an open, merit-based selection process, although they fell short of noting that there should be no discrimination as to the candidates' nationality.[27] The next elections of the president of the World Bank and the managing director of the IMF thus will provide crucial tests for the U.S. administration.

ISSUES FOR DISCUSSION

Here, there are four main issues for discussion:

1. What are the different currents of thought within the United States as to its role in reforming the international economic architecture?

2. How does the United States see the G-20 vis-à-vis the G-8, and its expansion to a "G-13" or "G-14"?

3. What relationship does the United States envisage between the G-20 and multilateral organizations?

4. What specific reforms is the United States prepared to support for the United Nations, the IMF, the World Bank, and the regional multilateral development banks?

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TABLE 1. STATUS OF GROUP OF TWENTY'S PLEDGES TO THE INTERNATIONAL MONETARY FUND

(as of September 2, 2009)

Country	Amount Pledged (Dollars)	Form of Disbursement	Status
Australia	7 billion	NAB	Announcement on May 12, 2009, later approved in the Budget Law
Brazil	10 billion	IMF Bonds	Board approves the issuance of notes on July 1, awaiting IMF issuance of bonds. Expected agreement in August or September
Canada	up to 10 billion	Bilateral Borrowing Agreement	Signed Bilateral Commitement on June 10, 2009
China	up to 50 billion	IMF Bonds	Board approves the issuance of notes on July 1, awaiting IMF issuance of bonds. Expected agreement in August or September
European Union	100 billion	Bilateral Borrowing Agreement	Announcement of interest made in March 2009. Awaiting individual country approval (see UK below)
India	10 billion	IMF Bonds	Announced in May 2009 their intent to buy bonds once issued
Japan	100 billion	Bilateral Borrowing Agreement	Signed Bilateral Commitment on February 13, 2009
South Korea	at least 10 billion	IMF bonds	Announced intest fo buy bonds in May 2009, awaiting IMF issuance of bonds. Expected agreement in August or September
Norway	4.5 billion	Bilateral Borrowing Agreement	Committed on July 6, 2009
Russia	up to 10 billion	IMF Bonds	Board approves the issuance of notes on July 1, awaiting IMF issuance of bonds. Expected agreement in August or September
Switzerland	up to 10 billion	Bilateral Credit Line	Announcement only, subject to Parliamentary Approval
United Kingdom	15.5 billion	Bilateral Borrowing Agreement	Commitment signed on September 1, 2009, as part of the 100 billion from EU
United States	up to 100 billion	NAB	Congressional approval for the commitment on June 18, 2009

Source: Author's elaborations from IMF data (www.imf.org).

ENDNOTES

1. This includes, moreover, support for a 200 percent capital increase for the Asian Development Bank but only "reviews" of the capital adequacy of the other multilateral development banks.
2. See Derviş (2009b).
3. The SDR, which was created by the IMF in 1969, is an international reserve asset designed to supplement its member countries' official reserves. Its value is based on a basket of four key international currencies: the euro, the yen, the pound sterling, and the dollar. SDRs can be exchanged for freely usable currencies, and the IMF acts as a broker between members and prescribed holders to ensure that SDRs can be exchanged for freely usable currencies in the absence of a settlement system. SDRs are costless assets. However, if a member's SDR holdings rise above its allocation, it earns interest on the excess; conversely, if it holds fewer SDRs than allocated, it pays interest on the shortfall. In other words, SDRs provide the option of acceding to a loan without maturity, whose cost is indexed to money market interest rates.
4. The SDR allocation is designed to provide liquidity to the global economic system by supplementing the IMF's member countries' foreign exchange reserves. Separately, the Fourth Amendment to the IMF's Articles of Agreement, which provides for a special one-time allocation of SDRs, went into effect on August 10, 2009. The special allocation, which was to be made to IMF members on September 9, 2009, was to total SDR 21.5 billion (about $33 billion).
5. See IMF (2009).
6. See Truman (2009).
7. The speech of Governor Zhou is available at: http://www.pbc.gov.cn/english/detail.asp?col=6500&id=178.
8. More information on the commission is available at http://www.un.org/ga/president/63/commission/financial_commission.shtml. The commission's report (see United Nations 2009) is available at http://www.un.org/ga/president/63/letters/recommendationExperts200309.pdf.
9. See the letter signed by the IMF managing director and the FSB chairman on November 13, 2008, available at http://www.financialstabilityboard.org/press/pr_090402b.pdf.
10. Although Article IV Consultations are an obligation for member countries, Reports on the Observance of Standards and Codes and Financial Sector Assessment Programs, however, rely on their voluntary participation.
11. See Kawai and Pomerleano (2009).
12. In the past, official borrowing was activated to fund the oil facilities in 1974–75, the supplementary financing facility in 1979–81, and, later, the enlarged access policy of 1981–86. Borrowing peaked in the mid-1980s but played its most important role in relation to the size of the IMF in the late 1970s, when borrowing financed more than 60 percent of the IMF's credit and represented almost 30 percent of its total quotas. More information is available at http://www.imf.org/external/np/exr/facts/imfresources.htm.
13. Nonconcessional loan access limits for countries have been doubled, with the new annual and cumulative access limits for IMF resources being 200 and 600 percent of quota, respectively. These higher limits aim to give countries confidence that they will have access to adequate resources to meet their financing needs. Access above these limits will continue to be provided on a case-by-case basis under the so-called Exceptional Access procedures.
14. These are the Supplemental Reserve Facility and the Compensatory Financing Facility.
15. More information is available at http://www.imf.org/external/pubs/ft/survey/so/2009/POL072909A.htm.
16. These IMF's provisions now include the Extended Credit Facility, to provide flexible medium-term sup-

port; the Standby Credit Facility, to address short-term and precautionary needs; and the Rapid Credit Facility, offering emergency support.

17. An evaluation of the IMF's governance, conducted by its own Independent Evaluation Office, is available at http://www.ieo-imf.org/eval/complete/eval_05212008.html.
18. Its report is available at http://www.g20.org/Documents/g20_wg3_010409.pdf.
19. See, for instance, Lombardi (2008).
20. Lombardi (2009).
21. See Lombardi and Woods (2008).
22. For a recent assessment, see, for instance, Derviş (2009a).
23. Derviş (2009c).
24. See the speech by the then–U.S. Treasury undersecretary for international affairs, David H. McCormick, at http://treas.gov/press/releases/hp838.htm.
25. Amendments to the IMF's Articles of Agreements require a double majority of three-fifths of the members, having 85 percent of the total voting power (Article XXVIII, Section A). The U.S. votes are therefore needed to reach the 85 percent threshold of voting power. That said, The United States has considerable leverage on a number of reforms beyond those requiring a formal amendment of the articles. For instance, the current size of the Executive Board (24 chairs) is in derogation to what is foreseen under the articles (that is, 20 chairs). A special approval by shareholders holding 85 percent of the IMF's voting power is needed biennially at the time of the general elections of its executive directors. The next general election is due in the summer of 2010.
26. See Kooymans (2007) for a historical review.
27. "The heads of the [international financial institutions] should be appointed through open, merit-based selection processes." This is from the Communiqué of the G20 Finance Ministers, March 14, 2009, London, available at http://www.g20.org/Documents/2009_communique_horsham_uk.pdf.

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202-797-6000
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