10

China at the IMF

Bessma Momani

China's rising power and influence in international monetary relations is increasingly more visible in its provision of balance of payments finance, its growing influence as a creditor and the broader reach of its currency in international reserves and transactions (Helleiner and Kirshner 2014). This chapter considers how China has used its growing global power to shape debates at the International Monetary Fund (IMF), in particular since the simultaneous increase of its regional and global power the 2000s. The first section of the chapter focuses on the role of China in shaping debates about IMF governance and considers how China has leveraged its prestigious, single-seat representation at the executive board. Using its single-seat representation at the IMF executive board is a useful way to have its views heard in international economic debates, but China has also relied heavily on forming coalitions, particularly with fellow emerging market economies like the BRICS (an informal coalition grouping composed of Brazil, Russia, India, China and South Africa) to build support for issues it seeks to promote and for raising broader concerns it has with Fund governance. China has also pushed for intellectual diversity in the IMF, including recruitment diversity in Fund staffing and in upper IMF management. Despite state media rumours favouring a Chinese managing director (MD), China did not present a candidate for the coveted managing director position in 2011; however, it did succeed in getting the conciliation of a Chinese national appointed to a newly created deputy managing director position.

The second section of this chapter focuses on the role of China in reforming IMF surveillance. Chinese criticism of IMF failings to see broader systemic risks caused by the dominance of the US dollar has been a strong position advocated by Chinese officials in repeated forums. At the IMF, China has criticized the scope of the Fund's surveillance work, claiming that staff had spent more energy focusing on bilateral surveillance exercises, such as Article IV consultations, than examining multilateral risks and spillovers. China has also faced a great deal of IMF criticism for its exchange rate policy, and has often viewed IMF actions as a veil for US policy preferences. In some way, the international financial crises of 2008 reaffirmed long-standing Chinese positions on the problems associated with the IMF's prioritizing bilateral surveillance over multilateral surveillance. Meanwhile, the IMF has also had a difficult time prodding China to let its currency appreciate in response to US pressure to use IMF surveillance mechanisms to call out the Chinese for undervaluation of its currency.

The third section focuses on the IMF's unit of account, the Special Drawing Right (SDR), and the role that China has played over time in shaping the usage of SDRs. China has called for the IMF to make the SDR more available to countries, in order to diversify international holdings away from the US dollar. The Fund has also assessed the prospects of including the renminbi (RMB) in its own SDR basket, but this has not yet materialized.

China on IMF Governance

From the early days of the meetings at Bretton Woods in New Hampshire, United States in 1944, the Chinese government (under the Kuomintang government), played a prominent role in negotiating the governance structure of the IMF (Helleiner and Momani 2014, 45). The People's Republic of China assumed its single seat at the IMF executive board in the early 1980s, and has used this position for decades to argue for increasing its own political and decision-making power at the executive board and for building the overall power and influence of other emerging market economies (Momani 2013). Having a single-seat representation at the executive board, where it does not represent other countries in its constituency, has given China a prestigious voice at the Fund. Its executive board seat has always provided China with a voice to call for enhanced and broadened IMF decision making. China has used its seat at the IMF to primarily call for reforming the board to allow for more emerging market economies and developing countries at the table. It has also called for changes to IMF policies that move beyond the neoliberal model the Fund currently adopts and preaches through its conditionality on countries that borrow money from it. Finally, China's position on governance reforms includes the call for diversifying the candidate pool used to select the IMF managing director and to increase hiring and recruitment of Chinese economists.

China has often argued that it wants to be a team player in the broader objectives of global governance reforms, in particular reforms at the IMF. In addition to its prominent role at forums such as the Group of Twenty (G20), China uses its place at the IMF to advocate for transferring political power to new economic players, such as emerging market economies, throughout the international economic architecture. China sees international governance reforms as a necessary part of taking account of the new global shift toward a multipolar world economy, one in which it and other emerging market economies contribute more to global economic growth than in the previous US-dominated unipolar world economy. China often argued that new economic players — developing countries and emerging market economies in the South — continue to hold a smaller share of decision-making power in the IMF voting distribution than they deserve. For example, the advanced economies' share of IMF voting shares is 60 percent (as of 2011), with the United States holding 17 percent of that; in contrast, all emerging market economies and developing countries hold 40 percent, with China having less than six percent of voting shares. The most overrepresented countries, in relation to their contribution to global GDP, are many of the European and Group of Seven countries, who collectively hold 45 percent of IMF voting shares despite their declining global economic influence and growth. China has argued that it must advocate for this position and perspective to correct this imbalance on behalf of other countries because it is the largest developing country in the world today (Ma 2013). The reforms at the IMF are part of creating a "more just system" (ibid.) Moreover, IMF reforms are also seen as part of a need for more "holistic" improvements, in the words of China's governor, to getting better coordination among the UN bodies, the G20 and other international institutions (ibid.), where US dominance has also characterized the international system, especially after the end of the Cold War.

In keeping with its position of wanting to see a shift in global institutional power to developing countries, China has spent a great deal of regional and international political and diplomatic energy to push for the implementation of the 2010 IMF quota and governance reform package. Despite its loud voice, in chorus with the G20 and other countries, the proposal has languished for years due to US Congressional hang-ups. In 2010, Zhou Xiaochuan, PBoC governor and China's IMF governor, noted "to establish an equal, inclusive, and orderly international financial architecture, the international community has placed great importance on reforming the International Monetary Fund and the World Bank, aimed at a thorough improvement of their governance structure with a significant increase of developing countries' representation and voices, and tangible progress in upgrading their ability to fulfill their mandates... This reform will significantly enhance the IMF's legitimacy and representativeness, which will ultimately benefit all the member countries. We call for understanding, support, and contribution to this reform." (Zhou 2010c)

The imperative of reforming the IMF to shift power and influence from developed economies to developing economies is strongly tied to what China views as an effort to return legitimacy to the Bretton Woods organization. Specifically, China had previously argued that the IMF lost legitimacy in its handling of the 1997 Asian financial crisis and in its prescription of austere conditionality to other developing countries throughout the 1980s and 1990s.

China argued that the Asian financial crisis demonstrated that the existing "international monetary and financial system can no longer accommodate the needs of international economic and financial development, and, therefore, the system needs to be reformed" (Dai 1999), and that the IMF and its political backers in the West had "forced [developing] countries to restructure their economies according to the developed countries' standards" (ibid). The dominant model of fiscal austerity prescribed by the IMF, which developing countries are obligated to follow in exchange for sorely needed finance, is a model that Chinese authorities have questioned at the IMF. To reform the international monetary and financial system, changes at the IMF need to be made and to prevent future crises, the IMF decision-making structure needs to be widened to include not just developed countries, but also developing countries. China sought to have an "automatic adjustment mechanism" that would be used to better keep up with changes in the global economic distribution of wealth and power (Xie 2009). Governance reform, the Chinese often argued, would improve the development models prescribed by the IMF, which has led its "dogmatist mentality" (Zhou 2004).

As the above quotes from Chinese governors indicate, while there are Chinese concerns with IMF governance structures, China has also felt under-represented in terms of ideas at the IMF. In tandem with governance reforms at the IMF, China wants the Fund to better reflect its views and opinions in the design of policy and programs. According to Ferdinand and Wang (2013, 899) China would "prefer a less intrusive IMF, one that is more akin to a clearing-house for ideas on economic cooperation and development and on financial regulation, more pragmatic and open-minded." Ideally, China envisions an IMF that is more tolerant of a system that allowed "greater freedom for states to experiment in devising policies that are best suited to their particular circumstances, just as China has done" (ibid.). Indeed, the view of how the IMF recruits and trains its staff into set development models and ideas is often a missing element in IMF reform debates (see Momani 2007). On this issue, China would like to see the Fund broaden its recruitment and "do much more to promote diversity of skills and experience among its staff" (Ferdinand and Wang 2013, 899).

Generally speaking, IMF economists who are educated in the developing world are clearly under-represented at the IMF and the Fund has a higher preference for US-trained economists (see Momani 2005). China is cognizant of this trend and has pushed for a broader IMF recruitment strategy. Ferdinand and Wang (2013, 899) point out that China is highly under-represented among IMF staff; moreover, Chinese Ph.D. and M.A. graduates are even more under-represented at the IMF, than, say, Chinese nationals with Ph.Ds. from outside China who work at the Fund. Specifically, "although China was also among the top ten countries in terms of level of education of Fund staff, only 0.6 per cent of PhDs, 1.1 per cent of Master's degrees, and 2.6 per cent of Bachelor's degrees were obtained from Chinese universities" (ibid.). In contrast, approximately 79 percent of all incoming economist program recruits at the IMF were educated in Anglo-American universities, and the IMF identified that most of its globally preferred university graduates were also Anglo-American (Momani 2005). This explains why Chinese nationals who do work at the Fund are mostly educated outside of China and are, therefore, less likely to reflect Chinese models and ideas. Nevertheless, the Chinese nationals who do work at the Fund, and these are low numbers to begin with, are still an under-represented percentage considering the country's economic heft in the global economy. By diversifying IMF recruitment to include more Chinese-educated economists, China had argued, the IMF would have less dogmatic development models (see Ferdinand and Wang 2013, 899).

At the third meeting of the newly formed G20 (leaders' level) in Pittsburgh in 2009, China and other like-minded states used the growing international consensus around the need to facilitate coordinated action that could restore global economic stability, as an opportunity to push for reforms that would reconfigure IMF quotas to better reflect emerging market economies' contribution to the world economy. China's Assistant Finance Minister Zhu Guangyao recommended transferring IMF voting weight from the developed countries to the developing countries. Specifically, he recommended that namely Organisation for Economic Co-operation and Development developed countries, which had 57 percent of voting rights at the IMF, transfer some of this power to developing countries. China and other emerging market economies wanted developed countries to transfer seven percent of its voting rights to the developing countries, which collectively had 43 percent at the IMF. China did not get the seven percent commitment, but the G20 agreed to shift five percent of developed country quotas to under-represented developing countries. Implementation of these quota revisions was set to be implemented by January 2011, but continued to be delayed for years, as the US administration did not want to confront a hostile US Congress.

After frustrating calls for the US Congress to pass the 2010 Quota Reforms (which still languish in Congress as of 2015), some of the strongest words used by China in its calls for IMF reform were found in an often-cited article by Xinhua, the official Chinese news agency, that headlined, "Washington's political chaos proves it's time for a de-Americanised world. As this latest crisis reveals, the US is unfit to govern itself, let alone lord it over the rest of us. We need a new world order" (Chang 2013). The Xinhua article went on to lambast American leadership, suggesting that the destinies of many countries were in the "hands of a hypocritical nation [that] have to be terminated, and a new world order should be put in place, according to which all nations, big or small, poor or rich, can have their key interests respected and protected on an equal footing" (ibid.) To achieve a de-Americanized world, the Xinhua article noted the need for reforms at the United Nations and the IMF and World Bank, and the introduction of "a new international reserve currency that is to be created to replace the dominant US dollar, so that the international community could permanently stay away from the spillover of the intensifying domestic political turmoil in the United States" (ibid.). By challenging US leadership at the IMF and vocally criticizing IMF policies and prescriptions, this has arguably won China the added support of developing countries at the IMF.

China has often sought to use coalition building with developing countries to push its agenda and views forward. One of the most important forums used by the Chinese to build a coalition in favour of IMF reforms has been the BRICS. The BRICS first met in 2009, in Russia, and has continued to add political and financial heft behind the loose collation of states. Through the BRICS, these leading emerging market countries continuously issue joint statements, often in parallel with other high-level meetings such as the G20, the IMF annual meetings, and so on, showcasing their views about global governance reforms. China is instrumental in using the BRICS meetings to have its positions known, while using the "caucus with other countries on matters of common interest" as an important way to signal that "they view multilateral cooperation as a means to larger ends" (Edwards 2011). In other words, by acting multilaterally in its quest for IMF reforms, China looks like the "responsible stakeholder" that is upholding a multilateral process and not using its growing economic heft to dictate new terms of engagement.

China is keen on not sounding dictatorial or unilateral in its views, a style that it often accuses the United States of exercising, particularly at the IMF. China, along with the other BRICS countries, also announced in 2009 that it would contribute funds to the IMF through a mechanism allowing the temporary purchase of SDR-denominated securities or quasi IMF bonds. Again demonstrating they were responsible stakeholders, the BRICS raised IMF capital by an added US$150 billion through purchases of these bonds at a time of a great shortfall in IMF finances and high demand after the international financial crisis. China demonstrated its strength among the BRICS when it purchased the largest share of IMF bonds, US$50 billion worth, while the other countries had each purchased US$10 billion. China was keen to ally with the BRICS to link the issues of both providing these additional funds to the IMF and the issue of transferring votes and quota to the developing countries (Glosny 2010). China's actions are meant to also underscore that it has no ambitions to "undermine and destroy the existing international order," on the contrary it is a responsible player in ensuring the endurance of the system by reforming its governance, returning legitimacy and contributing finances to the IMF (ibid.).

IMF leadership, in particular the role of the managing director, had historically been dominated by the Europeans. This "gentlemen's agreement" between the Europeans and the largest quota holder, the Americans, had allowed the United States to keep the president position at the World Bank for one of its own nationals. China has consistently argued against this quid pro quo among the Americans and Europeans at the Bretton Woods institutions and called for widening the selection process to include non-Europeans to hold the top post at the IMF. China has repeatedly called for the IMF managing director selection process to be "open, transparent and merit-based" (Xie 2009). When, in May 2011, then IMF Managing Director Dominique Strauss-Kahn resigned after a scandal in the United States, China called on the IMF to open the process to include emerging market economies. Specifically, China's central bank chief Zhou Xiaochuan told Agence France-Press that "the make-up of top [IMF] management should better reflect changes in the global economic structure and better represent emerging markets" (quoted *China Economic Review* 2011). Taking this further, Chinese state media *People's Daily* reported they would like to see a Chinese national take the position: "It will be great sign of respect for a rising China and a symbolic step of optimizing the international financial order if the 24 executive directors who hold shares of the IMF can see this clearly and elect a Chinese president (sic) of the IMF" (*People's Daily* 2011). Chinese media noted that Min Zhu, a former deputy governor of China's central bank and a special adviser to Strauss-Kahn, would be a suitable candidate to fill the post (ibid.). Selecting a Chinese national to lead the IMF did not come to fruition, however.

Christine Lagarde courted China and many of the emerging market economies, such as Brazil, India and Russia, by personally visiting these countries and seeking support for her bid to lead the IMF. Despite China earlier voicing its reservations about having yet another European at the helm of the IMF, when votes were cast, China and other emerging market economies did support Lagarde's candidacy and not that of the Mexican candidate. Perhaps what Lagarde had promised to China was the creation of an added new position of a third deputy managing director, which Lagarde announced soon after taking office. At her first press conference, she noted "The world is going to continue to change…We have these tectonic plates that are moving at the moment, and that needs to be reflected in the composition of governance and employment at the fund" (quoted in Wroughton 2011). Min Zhu was accorded a new title and a third deputy managing director post was created by Lagarde for the Chinese. This new position for a Chinese national had effectively quelled Chinese demands for opening the managing director position to non-Europeans. But, it remains to be seen what will happen after Lagarde leaves the Fund, and whether the Chinese will mount a campaign to have its national take the helm.

China on IMF Surveillance

The purpose of IMF surveillance is to report on both the individual member countries and on the overall health of the global economy. In theory, the Fund's access to data, information and officials in its member countries allows it to have the insight and perspective to predict, warn and assess the global economy and potential crises. This has not always worked well in the past, as the IMF did not predict many of the major financial crises, including the 1997 Asian financial crisis and the 2008 international financial crisis. While there are great debates on the main causes and policy errors made in these crises, the IMF has had the unenviable burden of the being the sole institution that is expected to be capable of providing the warning to its members of upcoming economic shocks and potential growth setbacks. Even prior to the international financial crisis, many academics and analysts noted the need for improving the efficacy of IMF surveillance (see Lombardi and Woods 2008; Eichengreen 2007).

China has also had strong criticism and reservations about the conduct and substance of IMF surveillance. For nearly a decade before the international financial crisis, China warned that too much of the IMF's surveillance resources, energy and study had been focused on developing and emerging market economies, while the IMF and its staff had too often ignored developments in developed countries. China had persistently called on the IMF to look at the systemic relevance of its members with advanced economies and to put more of its surveillance emphasis on those countries. China's rationale was that systemically important countries, like the United States, have stronger spillover effects if there are risks or policy errors made, which can then reverberate in the global economy. Simply put, systemically important countries have a stronger chance of pushing contagion when and if they are unhealthy. Since the United States, and European economies, are the most interlinked to the global financial and economic system with their highly internationalized and liberalized capital markets, this means that these economies are riskier than others and can induce a negative domino-effect in the global economy (see Xiao 2000).

China used the IMF annual meetings to highlight some of the concerns it had with the IMF surveillance mechanisms. PBoC Governor Xianglong Dai (2002b) noted: "We hope that, with close coordination and clear focus on the roles of the *World Economic Outlook* and the *Global Financial Stability Report* — the two major global surveillance tools — the Fund's multilateral surveillance will be more effective. At present, the Fund should strengthen its surveillance of the major industrial countries and important financial centers with a view to preventing large fluctuations among the major currencies, effectively monitoring international capital movements, ensuring the sound and efficient operation of international financial markets and promoting the healthy development of the world economy."

Urging the IMF to double its efforts on monitoring the US economy as opposed to focusing its surveillance efforts on other countries was a persistent theme of the Chinese governors' messages at the IMF Annual Meetings for several years. This criticism of IMF surveillance work came to a loggerhead in 2003, when China called out the IMF staff for its overly optimistic assessment of the US economy in its annual Article IV consultation report (see Li 2003). China was concerned with the United States' intervention in Iraq and the rising debt of its geopolitical gambles abroad and what these geopolitical adventures would mean for the global economy. Again calling out the IMF staff in particular, Chinese Governor Li (2003) stated "the IMF should now set priorities and focus on those areas that can really enhance the crisis prevention capabilities of member countries." To achieve better crisis prevention, Li added that "in light of the current situation in which the world economy is more dependent on the economies of the industrial countries, the IMF needs to tighten its surveillance of the macroeconomic and financial policies of the major industrial countries." Again for China, too little IMF emphasis and consideration was placed on studying the potential spillover effects of the US economy and its highly internationalized currency.

Some of China's frustration with the way the IMF conducted its surveillance activities was rooted in the belief that the IMF, backed and supported ideologically by the United States, was transcending its mandate in interfering with how countries chose to manage their exchange rates. China wanted the IMF's surveillance function to look at exchange rates, in so far as it pertained to the stability and health of the global economy. Countries should retain full sovereignty on choosing the type of exchange rate system that works for their economy, China often argued, and the IMF should not interfere in these choices, as long as those countries do not contribute to global financial vulnerability.

While China raised criticism of IMF lapses in monitoring the US economy, the United States was very concerned with Chinese undervaluation of its currency. Some had argued that China's RMB was potentially 25 to 50 percent undervalued in relation to the US dollar, which increased the US trade deficit, hurt US exports and aggravated high rates of US employment (see Sanford 2006). The IMF's Article IV makes clear that members, including China, are not allowed to manipulate and fix their currencies to achieve an unfair trade advantage. The US policy and academic community increasingly criticized the US government, generally, and the IMF, specifically, for not forcing the Chinese to readjust their currency (ibid.). Analysts continued to point to how Chinese government policies manipulated the exchange rate to prevent a natural appreciation of the RMB. While the IMF noted this as a concerning development, US analysts argued that the IMF was soft on China and did not forcibly call out the Chinese for manipulating its currency.

Hardline US commentators argued that the IMF was not doing enough to get China to become a more liberalized economy, particularly in its exchange rate policy. For example, pointing to the 2006 staff reports, Micheal Mussa (2007) argued that the IMF staff were vague about wanting "greater flexibility" in China's exchange rate, instead of forcefully calling on China's currency manipulation. Mussa criticized the IMF's Asian and Pacific Department for not properly valuating the extent of China's currency manipulation. As a former Fund employee and chief IMF economist, Mussa (2007, 5) sharply criticized the IMF, stating: "Pointing out forcefully to Chinese authorities what they are obliged to do to fulfill their specific obligations or general obligations under Article IV — either in public, in discussions of the IMF Executive Board, or even in private — is not something that the Managing Director (or key IMF staff) appear to be prepared to undertake." Again, these were harsh words coming from a former and senior IMF employee, but Mussa was not alone in his criticism. Morris Goldstein, a former Fund employee and deputy director of IMF research, also weighed in with his criticism. Like Mussa, Goldstein (2006, 150) accused the IMF of being "very timid and purposely noncommittal" on calling out Chinese currency manipulation. Goldstein said there was "overwhelming evidence" before the IMF, but that the Fund was "intimidated by the extreme sensitivity of the Chinese authorities to external criticism of their exchange rate policy" (ibid). Increasingly, US officials and commentators started to pressure the IMF to use its surveillance function as a means of shaming China to reform its currency policies.

The United States continued to search policy options to counter the lack of movement and rising underappreciation of the Chinese currency. One option had been to raise the dollar-RMB dispute before the IMF or the World Trade Organization (Sanford 2006). In September 2005, US Treasury Under-Secretary Timothy Adams had criticized the IMF for not enforcing its own Article IV rule that members would not engage in currency manipulation. Adams charged that the IMF was "asleep at the wheel" and that it should challenge the Chinese directly for failing to live up to its agreement with the IMF's own articles of agreement (quoted in Blustein 2005). The IMF's Managing Director Rodrigo de Rato responded to Adams' accusation of being negligent, noting that the Fund had already investigated China's currency policy and did not feel further action was required (ibid). Rato responded to criticism that the Fund ought to increase its scrutiny over China by saying, "there is a trade-off between our role as confidential adviser in our surveillance work and our role as a transparent judge" (quoted in Giles and Guha 2006, 8). The United States' push for a reform of IMF surveillance was not just to identify global exchange rate and current account imbalances for some altruistic global good, but to confront China's growing trade surplus with the United States, which was a politically contentious issue in the US Congress (see Broome and Seabrooke 2007).

The United States did not let up in its criticism of China, however.[1] Most famously, in 2005, Deputy Secretary of State Robert B. Zoellick gave a defining speech in front of the National Committee on the United States and China Relations in New York, which had criticized China's relationship to the IMF. Zoellick (2005) said: "China is big, it is growing, and it will influence the world in the years ahead. For the United States and the world, the essential question is how will China use its influence? To answer that question, it is time to take our policy beyond opening doors to China's membership into the international system: We need to urge China to become a *responsible stakeholder* in that

1 Some analysts read Zoellick's speech as an invitation to China to get more involved in international affairs. They saw this largely as a positive signal rather than as criticism of China, but this author argues that it was interpreted as criticism by most analysts.

system. China has a responsibility to strengthen the international system that has enabled its success" (emphasis added).

The catch phrase that followed was that China needed to be a "responsible stakeholder" in the global economy and, importantly, at the IMF. For China to achieve its objectives of increasing its power at the IMF, the United States charged, it needed to also be a responsible stakeholder in its monetary policy choices. Simply put, China could not have its cake and eat it too. For China to be more powerful in an institution that puts exchange rate liberalization as the cornerstone policy tool in a healthy global economy and trading system, the Chinese needed to follow the IMF's mantra and liberalize its exchange rate. In the American view, China had no moral right to pursue increased economic and political power at the IMF if it continued to flagrantly dismiss the rules of the liberal economic system, such as flexible exchange rates. The view that the IMF was incapable or soft on China was shared by many within the United States, but many Chinese officials argued that the IMF was overly focused on its exchange rate regime, to the detriment of other, more pressing, surveillance issues.

At the Fund, the Chinese currency issue was being discussed among the IMF staff and the executive board. Some proposals to strengthen IMF surveillance were believed to be a means for increasing IMF power to reprimand countries that manipulated their currency, such as, perhaps, the Chinese. The IMF's focus on China's exchange rate in the mid-2000s was of great concern for Chinese leadership — they felt that the IMF was ignoring the United States' potential role in contributing to global economic and financial vulnerabilities. Governor Zhou (2006) spoke to this at the 2006 IMF Annual Meetings: "Exchange rate policy is only one component of macroeconomic policy. Each country is entitled to choose an exchange rate system consistent with its own economic development. If [IMF] surveillance is wrongly focused on an evaluation of the exchange rate level or an isolated judgment as to whether the exchange rate system is appropriate, it will hardly be objective and certainly miss more fundamental issues. This would be contrary to the maintenance of economic and financial stability and might even deviate from the Fund's mandate."

Related to Chinese concerns that the IMF was overly focused on the extent of liberalization in China's currency to the detriment of examining the extent of the potential negative spillovers emanating from the US economy, was the issue of US dollar hegemony and the vulnerabilities this brought to the global economy. China raised the use of the SDR as a remedy to this problem (discussed further in the next section), but China also objected to the IMF's efforts to reform its surveillance policy in 2007. Meanwhile, the IMF got tougher on China in its Article IV consultations.

The Fund staff produced an IMF Article IV consultation that called out China for its undervalued currency, arguing that this prevented Chinese officials from having a more independent monetary policy and produced higher real interest rates, both of which caused domestic and international economic distortions (see IMF 2006, 28). The IMF, however, was limited in what it could do to force the Chinese to implement regarding currency liberalization. Moreover, China did not agree to release its annually scheduled Article IV consultation reports until 2004, and then it blocked the release of the IMF staff's reports in 2007, 2008 and 2009 (Ferdinand and Wang 2013, 903). Chinese authorities most likely blocked the IMF staff Article IV surveillance reports because of increased criticism therein about the manipulation of China's currency and the need for re-evaluation of its exchange rate (ibid.) Despite IMF staff pressure on China, there has been a gradual increase in the value of its currency relative to the US dollar, indicating that perhaps some of this external pressure has had an effect on Chinese officials (ibid.)

In 2007, IMF staff decided to revise the long-outdated surveillance policy with its Decision on Bilateral Surveillance over Members' Policies (see Lavigne and Schembri 2009). The 2007 decision was meant to strengthen the capacity of IMF staff to discuss exchange rate policies with its members, particularly when and if the IMF staff believes it endangers external stability (Leckow 2007, 289). The 2007 decision also provided more clarity and guidance on what the IMF believes is currency manipulation that can lead to unfair competitive advantage. The decision clarified that "members are only prohibited from manipulating exchange rates for the purposes of preventing effective balance of payments adjustment or to gain an unfair competitive advantage over other members. Thus, to find a member in breach of this provision, it is necessary for the Fund to determine the purpose of the member's policies and the intent of the member in engaging in exchange rate manipulation" (ibid, 291). China saw both rationales for the 2007 decision as an attempt for greater intrusion and interference in its policy-making choices.

In response to the updated surveillance policy, China said it "regretted" the adoption of the 2007 decision and suggested that it was "rushed" and "lacked consensus of members," meaning China felt that the United States pushed through the policy changes at the IMF against the will of others at the executive board. China argued that the 2007 decision again missed the core issues that the IMF should be focusing on, that is, "whether a member country's exchange rate regime is consistent with its medium-term macroeconomic policies, rather than on its exchange rate level" (Wu 2007). China wanted less IMF bilateral surveillance and more multilateral surveillance; moreover, China believed that exchange rate choices were a domestic, sovereign matter that did not introduce international economic vulnerabilities. Governor Wu (2007) used the 2007 Annual Meetings to urge for a reform of the 2007 Surveillance Decision: "The Fund should also take concrete steps to address problems related to the 2007 Decision and its application. The aim of these efforts is to enable the Fund to conduct surveillance in a prudent, fair, and effective manner based on clear consensus so that, through its surveillance, the Fund will contribute significantly to financial stability and economic prosperity."

China wanted IMF surveillance to scrutinize the United States, as an issuer of the globe's reserve currency, because capital flow volatility and monetary policy in the United States would have greater ramifications than would China's currency, which is not liberalized. To improve IMF surveillance, China called on IMF staff to "give the surveillance priority to the ongoing financial turmoil, deepen its analysis, learn lessons, and listen to the opinions of member countries… so that the Fund can determine where the true risks lie, and adopt effective measures to maintain a stable and orderly global economic and financial system" (Yi 2008a). China felt that a lack of unanimous support for the 2007 decision had also "had an adverse impact on the effective implementation of surveillance" (Li 2007). Chinese officials noted that this "mis-focused surveillance hampers the discharge of the Fund's mandate in promoting global economic and financial stability, and damages its credibility" (Yi 2008b). China continued to call for a reversal or reconsideration of the 2007 decision until it was updated in 2012.

The 2008 international financial crisis validated many of the concerns of Chinese officials. China criticized IMF staff for focusing on the 2007 decision modalities instead of having a complete understanding of cross-border capital flows. China argued that if IMF staff followed its calls for increased scrutiny of the United States in its surveillance duties, then the Fund would have better predicted and managed the fallout of the international financial crisis. In a 2010 speech to the IMF governors, Zhou (2010a) stated: "The hastily introduced 2007 Decision contains many flaws, and cannot meet the demands on Fund surveillance posed by global economic and financial development. The Fund should face this reality, resolve the problems in its surveillance as quickly as possible, amend the 2007 Decision, adjust its surveillance focus, improve modalities, and strengthen surveillance over developed countries, mature financial markets, and cross-border capital flows, in order to avoid a recurrence of the crisis."

Providing this damning critique using some of the strongest wording of Chinese governors at the IMF annual meetings, China had ultimately said "we told you so." Using the same platform, Zhou asked Fund surveillance to specifically look at developed countries' public debt and its impact on global interest rates, capital flows, inflation and global trade. Moreover, China wanted the IMF to fix its early warning tools and better understand tail risks of financial crises (ibid.)

China was pleased with IMF efforts to reform surveillance in 2011 with the Integrated Surveillance Decision. The new surveillance decision allowed for the bilateral Article IV consultations to be an important feeder into the production of IMF multilateral surveillance; clarifications on modalities of surveillance and providing countries with more latitude and discretion on exchange rate policies were key improvements over previous IMF policies. Moreover, the new surveillance mechanism allowed the IMF to study and document the potential spillovers of risky country policies, by noting this in both its Article IV reports and its multilateral reports. Indeed, China argued that the new policy was better at "integrating" both the bilateral surveillance of Article IV consultations and the multilateral surveillance processes like the publication of the World Economic Outlook. Chinese officials were hopeful that the new surveillance policy would better examine the macroeconomic policies, financial sector policies and capital flow volatilities that were potentially emanating from economies issuing a reserve currency, like obviously that of the United States (see Yi 2012).

Following the international financial crisis, the IMF enhanced its surveillance function to be more systemic in its analysis because the Fund staff used their "theoretical and organizational resources" from past financial crises to effectively push for enhancing the IMF's surveillance role (Moschella 2011). This enhanced surveillance role for the IMF was an approach that was also in keeping with the aims of many other international monetary and financial institutions' "holistic visions of risk;" a factor used by IMF staff to their advantage when pushing for an expansion of their scope of work (ibid.). The international financial crisis had created some urgency, but the IMF staff were strategic in not wanting to move too quickly with the types of changes they wanted to see (Moschella 2012). Specifically, IMF staff did not want to challenge state authority, like they had with the Chinese government in its contentious 2007 decision, by seeking an overhaul to IMF surveillance that would require executive board approval (ibid, 59). Instead, IMF staff pursued incremental changes to surveillance that is perhaps tempered by their own intellectual limitations in the study of financial markets after failing to warn of the international financial crisis. Appeasing growing Chinese influence at the IMF was undoubtedly a concern for the IMF staff, but they were also keen to study the potential spillover effects of systemically important countries and pushed for this broadened scope of work in the 2011 surveillance decision. IMF surveillance remains a difficult function for the Fund to perform, because of the political and technical challenges it brings. Striking a delicate balance between providing the depth of coverage that could prevent another crisis while refraining from being too intrusive in the domestic affairs of countries such as China that are sensitive to Western prodding are among the challenges the IMF faces. China is sensitive about its exchange rate and will most likely continue to resist Fund surveillance and advice that appears to benefit US economic and trading interests (see Momani and English 2014, 428; also see IMF 2011b).

China on SDRs

For more than a decade, the role of China's currency in the global economy has been a matter of great debate. How it can be expanded? What could the IMF do to help its internationalization? Other chapters in this volume take up the question of sequencing in the internationalization of Chinese currency, but this chapter will consider the IMF's role in facilitating this and how the IMF's SDR can play a role in these developments. China has also seen the increased use of the SDR as a new or alternative reserve currency as part of the need for broader reforms of the international monetary system, which the IMF plays a central role in managing.

China has often framed the issue of internationalizing its currency in the broader context of wanting to see the IMF's SDR take on a larger role in the world economy. As part of the increased trend toward multipolarity, be it in trade, finance or political power, China argues that the world also needs a new international reserve currency, most likely the SDR, instead of relying on the defacto use of the US dollar. As early as 2002, Governor Dai (2002a), stated to the International Monetary and Financial Committee (IMFC), "it is obviously beneficial to expand the use of SDRs as an international reserve currency. Conditions should be created to encourage such an effort." Similar statements were repeated to the IMFC in 2006 by Governor Zhou. The international financial crisis again spurred Chinese officials to push for the issue of increasing the role of the SDR. Seeing the international financial crisis as a moment for consensus about the need for change and reform, Chinese officials used the IMF as a forum to push through their country's visions for monetary system reform.

In one of the most detailed speeches by a Chinese governor to the IMF on the rationale for enhancing the role of the SDR, Zhou framed the issue in the broader reforms needed in the global monetary system. In 2010, Zhou reminded the IMFC that the SDR was created in the 1970s to address a crisis in the issuance of the US dollar as a global reserve currency. He argued that the subsequent adoption of floating exchange rates by developing countries had turned attention away from addressing or studying the potential role of the SDR in helping to preserve or uphold international monetary stability. The 2008 global financial crisis and subsequent economic recession, Zhou argued, should remind countries that the international monetary system needs to be reformed and the best way to do this would be to "strengthen the role of the SDR" (Zhou 2010b). Ma Zhaoxu, assistant minister of foreign affairs, added that in addition to expanding the use of SDRs, China wanted to "improve the currency basket of the special drawing rights and build an international reserve currency system with stable value, rule-based issuance and manageable supply" (Ma 2013).

Whether or not Chinese governors had one-off statements about increasing the role of the SDR in global trade, the question of expanding the use of SDRs has been a hotly debated issue in academic and punditry circles. Glosny (2010) argues that after the 2010 comments before the IMF, China had "slowly backed away from this challenge." According to Glosny, the Chinese governor had raised the SDR option in his statements, but this was not necessarily discussed or put on the agenda by Chinese officials at the G20 summit meetings. Chris Buckley (2009) argues that "China, by far the most powerful BRIC nation, was largely silent in Yekaterinburg [Russia]. It did not echo Russian and Brazilian calls for the BRIC powers to try to loosen the grip of the dollar on the world financial system." Glosny (2010) shows how Chinese officials both floated the idea, but continued to backtrack from claiming it was their official position to undermine the US dollar as a global reserve currency. For example, Vice Foreign Minister He Yafei claimed that the dollar was "the most important major international reserve currency of the day, and for years to come….That's the reality," while also adding that the issue was "now a discussion among academics. It is not the position of the Chinese government" (quoted in Glosny 2010).

Indeed, the issue of having the SDR take on a larger role as a reserve currency had gained steam among academics, pundits and officials. A Harvard professor, Dani Rodrik (2009), argued in favour of the idea of having the IMF issue SDRs in the wake of the international financial crisis:

> This one seems a no-brainer to me. The easiest and quickest way to create global liquidity and enable credit-starved emerging and developing countries to increase their spending is for the IMF to engineer a vast new SDR allocation. It can be done at the stroke of a pen, and it does not require the IMF to negotiate a program for every country that needs a loan… A generalized SDR allocation — in return for a commitment

> to spend a share of these resources in pursuit of a globally coordinated fiscal stimulus — would give countries the cover needed to do what is good for them and for the rest of the world without suffering a reputational penalty.[2]

Following the international financial crises and calls for reform at the G20, China welcomed the IMF's plan to research the potential role of the SDR. The international financial crisis had led to a "drying up of dollar liquidity" that greatly concerned the Chinese, and therefore China sought to better internationalize its own currency in 2009 (Schmelzer 2014). The issue now turned to whether China's currency could be included in the SDR basket of currencies as a means of diversifying the world's holdings away from the US dollar. The IMF staff studied the question of China's currency being used in the SDR basket in 2010.

The 2010 IMF report looked at the 2005–2009 period to see if variables, such as exchange rates, exports of goods and services, investment flows and reserve holdings, had an effect on SDR valuation. In its report, the IMF noted that China was the world's third-largest exporter, but Chinese currency was not, in its opinion, a "freely usable currency" and would not be qualified to be included in the SDR basket of currencies. IMF staff rejected, in essence, the notion that China's currency could be included in the SDR basket (IMF 2010, 3). China called IMF studies on the SDR "encouraging" and stated that the IMF had "offered a number of constructive recommendations" (see Yi 2011). The IMF did note some encouraging signs, such as the fact that 21 central banks engaged in swap agreements with China that now made the RMB more "widely tradeable." Chinese media took this as a sign that the Chinese RMB was indeed taking a "key step toward the hallowed status of becoming a reserve currency" (China Daily 2013).

Focus and attention now turned to whether China would indeed make it currency free and usable in global trade and transactions. Chinese officials continued to insist that internationalization of its currency needed to be slow and that domestic inflationary concerns were paramount. Continuing to point to its developing country status, China has emphasized that it was indeed trying to internationalize usage of the RMB through currency swaps, but that this needed to be done in small, incremental steps. In 2013, the IMF showed that Chinese efforts to increase foreign governments' holdings of its currency were taking hold: in the first quarter of 2014, foreign exchange holdings of Chinese RMB across the globe amounted to US$11.86 trillion, up from US$11.69

2 Note that the IMF made a US$250billion SDR allocation in August 2009 to boost international liquidity.

trillion worth of Chinese RMB only a few months earlier (Schmelzer 2014). The IMF noted that international reserves were slowly diversifying away from the US dollar. In 2000, for example, 71.1 percent of the country's reserves were held in US dollars, 18.3 percent in euros and 6.1 percent in yen (of US$1.52 trillion in reserves) (ibid.). In the final quarter of 2014, international holdings of US dollars decreased to 60.9 percent, holdings of euros increased to 24.4 percent and holdings of yen decreased to 3.9 percent (of US$6.21 trillion in reserves) (ibid.). International reserves of Chinese RMB, however, remain understandably limited and pale in comparison to other currencies, as countries will not choose to hold RMB when faced with a potential debt crisis unless the currency is fully internationalized.

Beyond reserves, the usage of the RMB in international transactions is increasing, but remains overshadowed by other currencies. In August 2014, according to the global payments system Society for Worldwide Interbank Financial Telecommunication, which tracks and facilitates financial transactions among financial institutions, the Chinese RMB accounted for a mere 1.57 percent of interactions; this was up from 0.63 percent of interactions in January 2013 (ibid.). This, nevertheless, pales in comparison to other currencies. The dollar accounted for 42 percent in August 2014 (ibid.). So while China is making strides in internationalizing its currency, it is still far from being liberalized and the IMF will undoubtedly not give the green light for it to be used in the SDR basket valuation in the years to come. Nevertheless, the slow liberalization of China's currency is an issue that is of great importance to IMF policy making, and the future role of the SDR will continue to be studied and deliberated in halls of academia and power.

The positive role that the IMF can play in RMB internationalization is in adding their staff's intellectual heft and providing market confidence and legitimacy to the idea and policy. After the international financial crisis, the IMF was interested in studying the idea of diversifying the monetary system away from dollar hegemony. In one of its 2011 reports, for example, it stated that:

> Only a few currencies are truly global; this is efficient — given the network externalities that are generated when economic agents agree to use the same currency to carry out international transactions. But, as discussed above, it also contributes to systemic fragility. Currently, only four currencies are recognized by the Fund to be freely usable, that is, in fact, "widely used to make payments for international transactions and widely traded in the principal exchange markets," the U.S. dollar, Euro, British pound, and the Yen. Those four

> currencies make up the bulk of global international reserves — 96 percent in 2010. The ability to trade, borrow, and invest internationally in domestic currency reduces exchange rate risk for domestic economic agents. Thus, *expanding the use of emerging market currencies internationally could provide a less uneven distribution of exchange rate risk across countries* (instead of countries issuing reserve currencies bearing none and the rest of the world all of it). In the process, domestic financial markets gain depth and liquidity, as demand for domestic currency and financial assets denominated in it increases. (IMF 2011a, 20; emphasis added)

While the IMF has studied the issue and scope of RMB internationalization and sees some progress on both increased cross-border trade settlement, such as currency swap lines in Asia, and increased RMB-dominated investment vehicles, the Fund sees some challenges as well. Despite potentially high demand for RMB, thanks to China's growing international trading presence, IMF staff in the Monetary and Capital Markets Department stated in a study that "there is still significant progress to be made on the supply side to allow non-residents access to the currency and to RMB-denominated assets as stores of value. To meet that latter requirement, there is scope for policy action to reform the exchange rate and interest rate regimes and lay the ground for financial sector development and deepening" (Maziad and Kang 2012, 12). They noted that this may also be subject to market discretion. Markets will want to see the RMB freely accessible, a more developed Chinese capital market, and allowing foreign traders, firms and markets to trade goods and services in RMB (ibid). The Fund does not see Chinese policy makers being ready yet for RMB internationalization, but it has suggested that market forces will continue to push for this.

Conclusion

It is difficult to predict the future, but it is clear that many believe that China's influence in the IMF will continue to grow. Managing Director Lagarde once noted that as China's economy grows, the Fund rules of having its headquarters in the capital of its largest shareholder means that, as she said: "the way things are going, I wouldn't be surprised if one of these days the IMF was headquartered in Beijing for instance" (quoted in Rastello 2014). While few believe this will happen any day soon, clearly the rise of China at the IMF is evident in political, technical and diplomatic terms.

China's rise at the IMF is, however, a slow one. Whether this can be explained because the Chinese do not want to assume more power, or because China is being denied increased power and influence by Western nations, is a matter of debate. Chen Xiangyang (2013), affiliated with the China Institutes of Contemporary International Relations, aptly said in an article for *China Daily*: "One of the imminent diplomatic challenges facing China is derived from its continuing economic rise and its disputed status as a developing country. China has come under pressure from Western countries, and also its neighbors, to assume more responsibilities as a major economic power. They choose to ignore the fact that even though it is the world's second-largest economy, the IMF ranks China's GDP per capita 89th in the world."

China will need to manage this tension between wanting to be seen and understood as a developing country and the desire and expectation of China to act as a superpower. On the one hand, China wants to derive legitimacy as a developing country to shape its narrative at the IMF and other international economic and political forums. Indeed, the great strides that China has made to uplift many of its citizens from poverty and to modernize its economy are no small feats. It is true, however, that China still has a great deal of development ahead for much of its rural communities and disenfranchised populations. China is still a developing country, despite the wealth, influence and global trading power it has amassed.

In addition to China's multiple identities, it has clearly tried to balance various international and domestic interests. Its slower approach to the internationalization of the RMB is attributable to its fears of rising domestic inflation and what this would mean for control of the Chinese communist parties. It balances this domestic factor with the need and likely desire to internationalize its currency to become one of the world's hard currencies. Undoubtedly, the United States plays an important role in either supporting or challenging Chinese policy choices. The United States has been reluctant to give up power to China at the IMF, while also cherishing its intellectual dominance at the Fund. As economic realities necessitate the rise of China at the IMF on governance issues, the question of whether China will increase its intellectual voice at the IMF through the kinds of lobbying it displayed against the 2007 Surveillance Decision is clearly yet to be determined.

Using this split personality or identity in shaping its position in the halls of the IMF has confused and confounded outside analysts. When China asks the IMF to move away from hiring another European managing director, it is confusing to see the Chinese vote for Christine Lagarde. When China pushes for more surveillance of systematically important countries, it is confusing that

China does not actually see its global trading position as a source of systemic risk. And finally, while China calls for decreasing international dependence on the US dollar, it has not liberalized its currency to be used as an international alternative. Political and economic analysts have both marvelled at and been bewildered by China, and its actions at and toward the IMF are no exception.

Works Cited

Blustein, Paul. 2005. "IMF Chief Pressured on Trade Imbalances." *The Washington Post*, September 29, D1.

Broome, Andre and Leaonard Seabrooke. 2007. "Seeing like the IMF: Institutional Change in Small Open Economies" *Review of International Political Economy* 14 (2): 576–601.

Buckley, Chris. 2009. "Much-Trumpeted BRIC Summit Ends Quietly." Reuters, June 17. www.reuters.com/article/2009/06/17/us-bric-summit-idUSTRE55G20B20090617.

Chang, Liu. 2013. "Commentary: U.S. Fiscal Failure Warrants a de-Americanized World." Xinhuanet, October 13. http://news.xinhuanet.com/english/indepth/2013-10/13/c_132794246.htm.

Chen, Xiangyang. 2013. "Diplomatic Balancing Act." China Daily.com.cn, March 7. http://europe.chinadaily.com.cn/opinion/2013-03/07/content_16286675.htm.

China Daily. 2013. "A Step toward RMB Internationalization." China Daily.com.cn, October 16. http://europe.chinadaily.com.cn/business/2013-10/16/content_17036765.htm.

China Economic Review. 2011. "China says Emerging Nations Should Help Control IMF." *China Economic Review*, May 20. www.chinaeconomicreview.com/content/china-says-emerging-nations-should-help-control-imf.

Dai, Xianglong. 1999. "Statement by Mr. DAI Xianglong, Governor, People's Bank of China at the Fifty-Third Meeting of the Interim Committee of the Board of Governors of the International Monetary System." International Monetary Fund, September 26. www.imf.org/external/am/1999/icstate/chn.htm.

———. 2002a. "IMFC Statement by Mr. Dai Xianglong, Governor of the People's Bank of China, International Monetary and Financial Committee, Fifth Meeting, Washington, DC." IMF International Monetary and Financial Committee, April 20. www.imf.org/external/spring/2002/imfc/stm/eng/chn.htm.

———. 2002b. "Statement by Mr. Dai Xianglong, Governor of the People's Bank of China, IMFC Meeting, Washington, D.C." IMF, International Monetary and Financial Committee, September 28. www.imf.org/external/am/2002/imfc/state/eng/chn.htm.

Edwards, Martin S. 2011. "China an Active and Stable Force in Multilateral Organization." China-US Focus. June 2. www.chinausfocus.com/finance-economy/china-an-active-and-stable-force-in-multilateral-organizations/#sthash.ygVMXYNH.dpuf.

Eichengreen, B. 2007. "A Blueprint for IMF Reform: More than just a Lender." *International Finance*, 10 (2): 153–75.

Ferdinand, P., and J. Wang. 2013. "China and the IMF: From Mimicry towards Pragmatic International Institutional Pluralism. *International Affairs*, 89 (4): 895–910.

Giles, Chris and Krishna Guha. (2006). "Interview with Rodrigo de Rato." *Financial Times*, January 28.

Glosny, M. A. 2010. "China and the BRICs: A Real (but Limited) Partnership in a Unipolar World." *Polity* 42 (1): 100–129. www.palgrave-journals.com/polity/journal/v42/n1/full/pol200914a.html.

Goldstein, Morris. 2006. "Currency Manipulation and Enforcing the Rules of the International Monetary System." In *Reforming the IMF for the 21st Century*, edited by Edwin M. Truman, 150-151.Washington, DC: Institute for International Economics.

Helleiner, E., and J. Kirshner, eds. 2014. *The Great Wall of Money: Power and Politics in China's International Monetary Relations*. Ithaca, NY: Cornell University Press.

Helleiner, E., and B. Momani. 2014. "The Hidden History of China and the IMF." In *The Great Wall of Money: Power and Politics in China's International Monetary Relations*, edited by E. Helleiner and J. Kirshner. Ithaca, NY: Cornell University Press.

IMF. 2006. "IMF Article IV Consultation for the People's Republic of China." IMF Country Report 06/394.

———. 2010. "Review of the Method of Valuation of the SDR — Prepared by the Finance Department In Consultation with the Legal and Other Departments." IMF, October 26. www.imf.org/external/np/pp/eng/2010/102610.pdf.

———. 2011a. "Strengthening the International Monetary System: Taking Stock and Looking Ahead." IMF Policy Paper. www.imf.org/external/pp/longres.aspx?id=4548.

———. 2011b. "Consolidated Spillover Report." IMF: Washington, DC. www.imf.org/external/np/pp/eng/2011/071111.pdf.

Lavigne, R., and L. Schembri. 2009. "Strengthening IMF Surveillance: An Assessment of Recent Reforms." Bank of Canada Discussion Paper No. 2009-10.

Leckow, R. 2007. "The IMF and Crisis Prevention — The Legal Framework for Surveillance." *Kansas Journal of Law & Public Policy* 17 (2): 285–294. http://law.ku.edu/sites/law.drupal.ku.edu/files/docs/law_journal/v17/leckow.pdf.

Li, Ruogu. 2003. "IMFC Statement by Mr. Li Ruogu, Assistant Governor of the People's Bank of China." IMF, International Monetary and Financial Committee, April 12. www.imf.org/external/spring/2003/imfc/state/eng/chn.htm.

Li, Yong. 2007. "Statement by the Hon. Li Yong, Alternate Governor of the World Bank Group for People's Republic of China, at the Joint Annual Discussion – Press Release No. 34." IMF, October 22. www.imf.org/external/am/2007/speeches/pr34e.pdf.

Lombardi, D., and N. Woods. 2008. "The Politics of Influence: An Analysis of IMF Surveillance." *Review of International Political Economy* 15 (5): 711–39.

Ma, Zhaoxu. 2013. "Balanced World Community." China Daily.com.cn, February 20. http://europe.chinadaily.com.cn/opinion/2013-02/20/content_16238842.htm.

Maziad, S. and J. S. Kang. 2012. "RMB Internationalization: Onshore/Offshore Links."

IMF Working Paper. IMF: Washington, DC. www.imf.org/external/pubs/ft/wp/2012/wp12133.pdf.

Moschella, Manuela. 2011. "Lagged Learning and the Response to Equilibrium Shock: The Global Financial Crisis and IMF Surveillance." *Journal of Public Policy* 31 (2): 1–21.

———. 2012. "IMF Surveillance in Crisis: The Past, Present, and Future of the Reform Process." *Global Society* 26 (1): 46–60.

Momani, B. 2005. "Recruiting and Diversifying IMF Technocrats." *Global Society*, 19 (2): 167–87.

———. 2007. "IMF Staff: Missing Link in Fund Reform Proposals." *The Review of International Organizations* 2 (1): 39–57.

———. 2013. "China at the International Monetary Fund: Continued Engagement In Its Drive for Membership and Added Voice at the IMF Executive Board." *Journal of Chinese Economics* 1 (1).

Momani, B., and K. A. English. 2014. "In Lieu of an Anchor: The Fund and Its Surveillance Function." In *Handbook of the International Political Economy of Monetary Relations*, edited by Thomas Oatley and W. Kindred Winecoff, 428–49. Cheltenham, UK and Northampton, MA: Edward Elgar Publishing.

Mussa, Michael. 2007. "IMF Surveillance over China's Exchange Rate Policy." Paper presented at the Conference on China's Exchange Rate Policy, Peterson Institute, October 19. www.piie.com/publications/papers/mussa1007.pdf.

People's Daily. 2011. "IMF's New Chief Should Come from China." *People's Daily*. http://en.people.cn/90001/90780/91421/7385729.html.

Rastello, Sandrine. 2014. "Beijing-based IMF? Largarde Ponders China gaining on US Economy." Bloomberg, June 6. www.bloomberg.com/news/2014-06-06/beijing-based-imf-lagarde-ponders-china-gaining-on-u-s-economy.html.

Rodrik, Dani. 2009. "Why Don't We Hear a lot More About SDRs?" Debate: Macroeconomics, a Global Crisis Debate, VoxEU.org, February 4. http://voxeu.org/debates/commentaries/why-dont-we-hear-lot-more-about-sdrs.

Sanford, J. E. 2006. "China, the United States and the IMF: Negotiating Exchange Rate Adjustment." Washington, DC: Congressional Research Service, April. http://digital.library.unt.edu/ark:/67531/metacrs9142/m1/1/high_res_d/RL33322_2006Mar13.pdf.

Schmelzer, Vicki. 2014. "Analysis: Dollar Still Premier Reserve Currency, For Now." MNInews.com, September 2. https://mninews.marketnews.com/index.php/analysis-dollar-still-premier-reserve-currency-now?q=content/analysis-dollar-still-premier-reserve-currency-now.

Wroughton, L. 2011. "Lagarde to Give China Senior IMF Job: Sources." Reuters, July 6. www.reuters.com/article/2011/07/06/us-imf-lagarde-china-idUSTRE7655JM20110706.

Wu, Xiaoling. 2007. "IMFC Statement by Madam Wu Xiaoling, Deputy Governor, People's Bank of China, International Monetary and Financial Committee Sixteenth Meeting." IMF International Monetary and Financial Committee, October 20. www.imf.org/External/AM/2007/imfc/statement/eng/chn.pdf.

Xiao, Gang. 2000. "Statement by Mr. Xiao Gang, Deputy Governor of The People's Bank of China and Alternate Governor of the Fund for China, to the International Monetary and Financial Committee." IMF, International Monetary and Financial Committee, April 16. www.imf.org/external/spring/2000/imfc/chn.htm.

Xie, Xuren. 2009. "Statement by the Hon. Xie Xuren, Governor of the World Bank Group for People's Republic of China, at the Joint Annual Discussion."IMF, October 6-7 .www.imf.org/external/am/2009/speeches/pr08e.pdf.

Yi, Gang. 2008a. "Statement by the Hon. Yi Gang, Governor of the IMF for People's Republic of China, at the Joint Annual Discussion – Press Release No. 16," IMF, October 13. www.imf.org/external/am/2008/speeches/pr16e.pdf.

———. 2008b. "IMFC Statement by YI GANG, Deputy Governor, People's Bank of China, International Monetary and Financial Committee Eighteenth Meeting." IMF International Monetary and Financial Committee, October 11. www.imf.org/External/AM/2008/imfc/statement/eng/chn.pdf.

———. 2011. "IMFC Statement by Yi Gang, Deputy Governor, People's Bank of China, People's Republic of China, International Monetary and Financial Committee Twenty-Third Meeting." IMF, International Monetary and Financial Committee, April 16. www.imf.org/External/spring/2011/imfc/state.

———. 2012. "Statement by the Hon. Yi Gang, Alternate Governor of the IMF for People's Republic of China – Press Release No. 19." IMF, October 12. www.imf.org/external/am/2012/speeches/pr19e.pdf.

Zhou, Xiaochuan. 2004. "Statement by the Hon. Zhou Xiaochuan, Governor of the Fund for the People's Republic Of China, at the Joint Annual Discussion – Press Release No. 32." International Monetary Fund, October 3. www.imf.org/external/am/2004/speeches/pr32e.pdf.

———. 2006. "IMFC Statement by Zhou Xiaochuan, Governor, People's Bank of China, International Monetary and Financial Committee Thirteenth Meeting." IMF International Monetary and Financial Committee. April 22. www.imf.org/External/spring/2006/imfc/statement/eng/chn.pdf.

———. 2010a. "IMFC Statement by ZHOU Xiaochuan, Governor, People's Bank of China, International Monetary and Financial Committee Twenty-First Meeting." IMF, International Monetary and Financial Committee, April 24. www.imf.org/External/spring/2010/imfc/statement/eng/chn.pdf.

———. 2010b. "IMFC Statement by ZHOU Xiaochuan, Governor, People's Bank of China, International Monetary and Financial Committee Twenty-Second Meeting." IMF, International Monetary and Financial Committee, October 9. www.imf.org/External/AM/2010/imfc/statement/eng/chn.pdf.

———. 2010c. "Statement by the Hon. Zhou Xiaochuan, Governor of the IMF for People's Republic of China – Press Release No. 47." IMF, October 8. www.imf.org/external/am/2010/speeches/pr47e.pdf.

Zoellick, Robert B. 2005. "Whither China: From Membership to Responsibility?" Remarks to the National Committee on the United States and China Relations, presented in New York City, September 21. www.disam.dsca.mil/pubs/INDEXES/Vol%2028_2/Zoellick.pdf.