

Power Shifts and China's Challenges to Global Financial Governance

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Summary

This paper aims to identify and assess the challenges facing global financial governance as a result of the shift of power from the West to the East in the world. It argues that these challenges are too weak to be able to alter the pattern of global financial governance in any significant way in the foreseeable future. The paper explains why this is the case. It points out that the resilience of the current system of governance, which owes a great deal to the embedded hegemonic structure, is sufficiently adaptive to resist, withstand, or soften the challenges. To test this argument, the paper proposes to focus our attention on the International Monetary Fund at the global level and the Chiang Mai Initiative at the regional level. It discusses some initiatives taken by certain emerging economies to tackle the current global financial crisis. The paper analyzes the role played by the West in global financial governance led by the U.S. and the role played by the emerging economies spearheaded by China.

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China's government reacted to the 2008 crisis by building things, not giving money to banks. (Elsworth 2013)

Introduction

This paper aims to identify and assess the challenges that confront global financial governance as a result of the shift of power in world politics, focusing on Sino-U.S.

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