The end of the global financial safety net?

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## IMF Resources

<table>
<thead>
<tr>
<th>Source</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quotas</td>
<td>691</td>
</tr>
<tr>
<td>New Arrangements to Borrow (NAB)</td>
<td>265</td>
</tr>
<tr>
<td>Bilateral borrowing</td>
<td>450</td>
</tr>
<tr>
<td>Total</td>
<td>1,407</td>
</tr>
<tr>
<td>Percent of global GDP</td>
<td>1.77</td>
</tr>
</tbody>
</table>

Left after 2022 if no renewal
Expires in 2022, unless renewed
Expires in 2020, unless renewed

(*) Source: Truman (2018)
Regional financial arrangements

- FLAR
  - Only small countries
  - Loans up to 2.5 times capital (small, bridge to IMF)
  - No conditionality
Regional financial arrangements

- FLAR
- Chiang Mai (ASEAN + 3)
  - Swap arrangements, now multilateral
  - 30% without IMF program
  - Total lending capacity: $ 240 b.
Regional financial arrangements

• FLAR: $ 7 b.
• Chiang Mai (ASEAN + 3): $ 240 b.
• European Stability Mechanism: $ 580 b.
Bilateral swap agreements

- A key role during the global financial crisis

Source: Bahaj and Reis (2018)
Bilateral swap agreements

• A key role during the global financial crisis
• Initially offered by Fed and ECB
• Large number offered by PBOC

Source: Essers and Vincent (2017)
The China factor

• Eventually the world’s largest economy
  ▪ Massive implications for the IMF
    • Voting share
    • Location of headquarters
    • Management

• What does China want?
Conclusion

- The IMF is losing its role as the only safety net

Source: Essers and Vincent (2017)
Conclusion

• The IMF is losing its role as the only safety net
• The USA and Europe will have to give up control
• Europe and Asia have their own nets
• Africa and South America will have to rely on a much changed IMF