



Eric Helleiner, Jonathan Kirshner, eds.. *The Great Wall of Money: Power and Politics in China's International Monetary Relations*. Cornell Studies in Money Series. Ithaca: Cornell University Press, 2014. 288 pp. \$70.00, cloth, ISBN 978-0-8014-5309-0.



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Research and commentaries on China's economic reform process abound. However, a critical and expansive assessment of policy developments analyzing the last decade and a half of China's protected financial sector is far rarer. This is why Eric Helleiner and Jonathan Kirshner's edited volume, which examines the role, rationale, and impact of decision making in China's monetary and financial sectors, represents an important contribution to the literature on Chinese political economy. Offering readers an accessible examination of the nexus of political economy and power politics in China, this is a valuable addition to a rather under-researched field (though published material on business and management is quite extensive). Comprised of eight distinct chapters, it addresses issues ranging from historical relations with monetary institutions like the International Monetary Fund (IMF), to central policy issues like foreign reserves, the exchange rate, and the renminbi, as well as China's utilization of monetary and macroeconomic policy for diplomacy, power, and surveillance.

Helleiner and Kirshner's introductory chapter ties the contribution together in a coherent fashion, reflecting well on how we do, and how we should, come to assess China's decision making primarily through the lens of monetary policy. Confronted with both external demands and domestic interests (state, elite, and otherwise) as sources of monetary policy, China's struggle to define its actions can be characterized by a key dichotomy of "power-as-influence" and "power-as-autonomy" (p. 3). The volume adopts a framework assessing whether its behavior and policy decisions are a means to influence or to act independently of systemic norms or external pressures.

Whichever camp the different authors settle in, each is an expert in the field and therefore makes this discussion all the more vigorous. The chapters offer a coherent interpretation of the themes, while simultaneously providing individual assessments. Benjamin J. Cohen's chapter on China's economic rise within the current system adopts a comparative perspective, contrasting China's experiences with that of other rising pow-

ers in the past (West Germany, Japan, the Euro Currency Area, and stimulatingly Saudi Arabia). The historical line continues with Helleiner and Bessma Momani's highly enjoyable examination of the relationship between China and the IMF. It begins with the People's Republic of China's (PRC) contributing role in the construction of the IMF's strategy toward developing economies; and it quickly moves on to the PRC's effort to secure itself both diplomatically and financially as it moved to open its doors in the late 1970s. David A. Steinberg's chapter analyzes what is seen as China's desire for large foreign-reserve holdings, beginning with an economic assessment of the value of reserve accumulation, contrasting this with a more empirical perspective of domestic political stakeholders (elite or institutional). He rounds his discussion off with effective qualitative and quantitative research, including interviews, and concludes that both types of research offer insight into China's behavior.

Hongying Wang's chapter on China's exchange rate policy examines what many identify as China's contribution to global economic imbalances. Again contrasting China's own domestic views regarding its exchange rate with responses of its major trading partners, Wang offers additional and rarely considered factors of the "collective contribution of East Asian economies," including the household consumption net savings ratio so commonly found in these economies (p. 102). Stressing how boosting declining consumption levels has been a much-lauded option for rebalancing trade and currency valuations, Wang shows, however, that this only stood at 35 percent at the time of publication (compared to the world average of 60 percent) (p. 107). Given this, Wang identifies numerous political and domestic systemic barriers that must be remedied before any offset can be sufficiently experienced.

Andrew Walter's contribution assesses China's relationship with the IMF through the line of management of international macroeconomic

monetary policy surveillance practices. He begins by discussing the tensions that continue today between the PRC and the IMF, and the mixed results of these exchanges due to China's own policy rigidity and its disagreements with the United States and the IMF about China's monetary policies. Walter illustrates that this issue goes beyond the point of whether the IMF is a policy tool of the United States or scrutiny of internal policies by the IMF are biased in nature. He demonstrates that the onset of the global financial crisis offers a new line of assessment. As China moves to gradually rebalance its economy, understanding its policy decisions and actions within a "rule-breaker" or "rule-taker" frame ignores significant points, including the substantial structural and institutional changes in the international system that need to come. Reforms have also led to new and competing divisions of interest as resources, policy hierarchies, and preferences increasingly diverge. This growing complexity will shape not only how China responds to but also what it demands from future global monetary governance practices.

Yang Jiang asks the question, "to what extent is China actually preparing itself for the role of a global monetary power through monetary diplomacy?" (pp. 156-157). His chapter frames the discussion around competing interests of China's domestic monetary elites—liberals versus conservatives. Through several empirical cases, Jiang argues that China's policy behavior is the product of entrenched interests. The Eurozone crisis case illustrates China's multifaceted strategy of investment, debt-rescue approach, underscoring economic benefits with little impact on China's domestic sphere. Following this, its currency swap diplomacy and aid regime, as well as China's engagement with multilateral monetary institutions and promotion of renminbi internationalization, require little structural commitment or reform domestically. Promoting central economic goals, these reflect a compromise tending toward short-term pragmatic gain, rather than a tendency to-

ward substantial institutional reform or movement for global monetary leadership.

In the second of three chapters addressing the factors influencing China's approach to monetary governance structures (global or regional), Gregory Chin examines China's rising monetary power capacity. He argues that China has adopted a comprehensive effort to reshape the global monetary and currency framework. Whether through the promotion of an alternative reserve currency option or through the promotion of reserve diversification, China has been a key player in coordinated efforts through the G20 to promote diversity of the international monetary system, or by cooperating with BRICS nations (Brazil, Russia, India, China, and South Africa) to press the IMF for reform on the Special Drawing Rights Basket. Further efforts to establish alternative multilateral organizations, such as a BRICS-led development bank, as a vehicle for reserve diversification, or China's own efforts to promote its own currency—the yuan—underscore China's commitment to this campaign. Contrasting clearly from Jiang's chapter, Chin suggests there are clear “broader ambitions, and more fundamental adjustments to the international monetary system ... [with] deep strategic roots” (p. 212).

The final chapter, by Kirshner, takes up the topic of China's currency internationalization strategy—with reference to the renminbi's role in establishing China's position as a monetary leader in East Asia. Using the events of 2008, which offered up an opportunity to directly challenge the veracity of the liberal economic order, Kirshner argues that the promotion of the renminbi is a vehicle for China to both “rule make” and “rule break”; China's currency represents a challenge to capitalism's ideological line. Reinforcing lessons learned from the 1998 Asian crisis, the global financial crisis has offered China a window of opportunity both where it is willing to have the renminbi be a larger force in the international monetary system and where a growing number of

Asian partners are open to taking it up. Like many of the other authors, Kirshner does stress, however, that while the renminbi is quickly becoming a key currency in East Asia, political factors continue to play a dominant role in the pace and nature of these developments.

This volume covers an impressive and ideal combination of topics for those interested in China's international monetary relations on a broad basis. It also has much to contribute for both students and scholars of Chinese political economy and Chinese politics in general. While industry stakeholders and commentators have written extensively on China's currency reform, exchange rate policy, and IMF's Special Drawing Rights Basket, they offer little insight into the why—the motivations, players, and priorities—behind China's approach to monetary policy and relations. In this volume, each chapter blends an impressive combination of research methods, expertise, and critical insights, filling this gap effectively. Helleiner and Kirshner's collection, however, does end rather abruptly. They offer no concluding chapter to tie the discussions together, but there is scope for initiating the next line of query—that of China learning the lessons from 2008. While Walter does touch on this issue in his chapter on China and IMF policy surveillance, there is much insight to garner of the inner workings of China's policy processes and shifting priorities following its first-hand experience of a global economic crisis since the implementation of its open door policy in the late 1970s. There is much more we can learn given the gradual evolution of the world's largest developing economy, and this volume offers a solid foundation to build on.

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