THE SEARCH FOR SYMMETRY IN THE INTERNATIONAL MONETARY SYSTEM

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the four dimensions of symmetry

1. institutional dimension
2. doctrinal dimension
3. discipline / cooperation dimension
4. "architectural" dimension

1/ - institutional dimension

Governance of the international financial institutions :

- composition of Boards
- origin of Management
- diversity of Staff

2/ - doctrinal dimension

- are policy recommendations (by IFIs) or references (by markets) adapted (or sufficiently flexible) to meet the needs of all countries ?

- is the "Washington Consensus" a consensus ?
  - the IMF revisiting its "institutional view on capital account opening
  - Ostry and al- on "neo liberalism"
  - Rodrik on the diversity of successful growth strategies

- A. Greenspan in 1997 : " *this crisis has shown the the Western model of capitalism is superior to any other*"

  and then … 2007

3/- the discipline / cooperation dimension

the facts

- market discipline is asymmetric (between surplus and deficit countries)
- external financial shocks are asymmetric (between large and small)
- monetary spillovers are mostly one way– a global financial cycle
  (and amplified with advanced economies at ZLB)

the aspirations
- "rules of the game" (RAJAN)
- advanced economies "internalize" the effects of their policies (CARUANA)
- multilateral liquidity safety nets

the difficulties
- Central Banks have domestic mandates
- they have "fiscal backing" from their Governments

4/- the "architectural" dimension

- two ingrained asymmetries :
  - between surplus and deficit countries
  - between issuers and holders of safe assets
- two configurations ;
  - the two asymmetries coincide in one country
  - the two asymmetries do not coincide
    - intuition : the system is more stable
    - If issuer of safe assets accepts to be on deficit

some policy conjectures

1. being an issuer of safe assets is very demanding :

   - fully open capital account in all circumstances
   - prepare to accept some "risk transformation" in the national balance sheet (even more if surplus country)

2. debt regimes : supporting of safety or not (state contingent) ?

3. liquidity provision to countries or to assets ?