DOI: 10.2478/ijas-2013-0005

FALIN ZHANG
MCMASTER UNIVERSITY

China and Global Financial Governance: Centripetalism, Elevation and Disparity

Abstract
In the post-2008 global financial crisis era, the global financial governance system has experienced dramatic changes and a comparatively new network system comes into the fore. Meanwhile, China's extraordinary performance during the crisis by virtue of its unique political and economic systems urged the elevation of its role in the new system. Against this backdrop, three words are appropriate to describe the new system and China's role in it in the post-crisis era–centripetalism (rather than centrifugalism), elevation (rather than domination) and disparity (rather than coherence). Centripetalism means that patched global financial governance network system has more force to coordinate states and related international organizations. Elevation refers to a relatively more important role of China in the new system, but, by no means, a dominant (or hegemonic) role. China is an indispensable participant rather than a leading power in global financial governance. Disparity indicates the differed strategies of China in various global financial governance institutions or toward different events.

摘要
后危机时代，国际金融管理系统经历了巨大的变革，一个新的网状系统逐渐形成。同时，凭借独特的政治和经济体系以及在此次金融危机中的优异表现，中国在此新管理体系中的地位得到大幅提升。鉴于此，国际金融管理和中国在其中的地位可以概括为三个词---向心 (而非离心)、提升 (而非主导) 和差异 (而非一致)。"向心"是指新的国际金融管理网络体系能更好的协调主权国家和相关的国际金融管理机构。"提升"指的是中国在新体系中的地位更加重要，对稳定国际金融体系的作用更为明显。尽管如此，中国依然只是一个重要的参与者，而非领导者或者霸权。"差异"是指中国在国际金融管理体系中的政策和策略并不是一致的，尤其是对不同的国际金融管理机构或国际金融管理事件。

Keywords: China, Global Governance, Global Financial Governance, Centripetalism, Elevation, Disparity

Acknowledgement
For comments and suggestions, I am indebted to Professor Michelle Dion, Professor Robert O'Brien and Professor Tony Porter.

Introduction

In the post-2008 global financial crisis era, the global financial governance system has experienced dramatic changes and a comparatively new network system comes into the fore. Meanwhile, China's extraordinary performance during the crisis by virtue of its unique political and economic systems urged the elevation of its role in this new system. Consequently, China, as an emerging power, has played an increasingly important role in global governance in general and global financial governance in particular. Against this backdrop, many research puzzles emerge in related studies, which include but are not limited to the following ones. What changes have occurred in global financial governance responding to the 2008 global financial crisis? What role does China play in the new global financial governance system? What are China's strategies in global financial governance?

The related literatures have delved into these questions, and left these conundrums unconvincingly-answered. One consensus regarding the changes of the global financial governance system against the 2008 global financial crisis is that it was flawed and has been reformed. The new financial governance system is called "Networked International Financial Governance" (NIFG) and still has three distinct accountability problems – uneven representation of countries, overly technocratic character and the risk of capture by the financial industry (Helleiner and Porter 2009, p.14). Helleiner (2009) observed that the crisis has not only led to reregulation of international financial markets by the leading Western governments, but unleashed centrifugal pressures that may lead toward a more decentralized and fragmented form of global financial governance over the medium term. Reflecting on this idea and inspired by the network analysis that is introduced to international politics studies by such scholars like Sheng (2010) and Hafner-Burton, Kahler and Montgomery (2009), I argue in this paper that the recent reforms only patched, but not revolutionized, the previous system. The patched system is a network centered on the G20 and Financial Stability Board (FSB) and generates centripetal (rather than centrifugal) force to connect the previously fragmented global financial governance system.

China's role in the new network is also hotly debated. A fact is that the position of China in this new system has been enhanced structurally. The increase of China's quotas and voting power in International Monetary Fund (IMF) and World Bank (WB) and the incorporation of China into the G20 and FSB are direct evidence. Disputes lie in two respects. First, is China a rising star or leader in the new global financial governance system? Second, what is China's strategy in this new system, a status-quo power or a revisionist? With regard to the first question, Garrett (2010, p.29) answered that "the world will be characterized by a de facto China–US G 2 after the financial crisis". On the contrary, Overholt (2010, p.24) pointed out that "China's strategy for growth had been fabulously successful but was becoming obsolescent". As a result, China is unlikely to be a leader in global financial governance. Hamilton-Hart (2012) focused more broadly on the Eastern Asian region and argued that despite the comparatively strong positions of this region during the crisis, it remains structurally embedded within the global markets, especially Western markets. This paper concentrates on the structural position of China in the new global financial governance system and concludes that China is more powerful in this new system, but far from being a leader. The domestic economic achievements of China are the root cause for the structural elevation, while the domestice conomic and societal challenges impede China to be a leader in global financial governance in the short or medium term.

China's strategy in global governance in general and global financial governance in particular has generated three competing views. The first view argues, China is a revisionist power in international system and global governance, which seeks to restructure the international system and order for its own benefit and in its own interests. The arguments of this view are closely related to political Realism that posits that rational and self-interest states are the primary actors in the anarchic international system and are inclined towards competition and conflict or their own survival and security (Grieco 1990). Therefore, "states recognize that the best way to survive in such a system is to be as powerful as possible, relative to potential rivals" (Mearsheimer 2006, p.160). According to this theoretical view, a rising China in terms of economy growth will inevitably challenge the existing power of balance and tend to change the international order in China's favor.

The second view, which has been more popular in the recent years, is that China is more likely a status quo power that actively seeks to work within the existing international system without challenging the current order. This view is, theoretically and mainly, based on the Neoliberal Institutionalism, which holds that although states are competitive and in conflicts in international system, inter-state cooperation is still possible through international institutions. In this view, many scholars argue China is cooperative and a status quo power in the international system. For example, Johnston (2003, p.56) argues if China is not a wholly status quo power, it at least "is more status quo-oriented relative to its past". Kim (2004) observes that except where sovereignty-bound issues are involved, such as Taiwan issue, China is a status quo power without any unsettling revisionist or norm-defying behavior in the international system. Shirk (2008, p.108) asks "why shouldn't China support the status quo", given the flourishing of China in the current system. One potential theoretical explanation of these observations, as Neoliberal Institutionalist contends, is that China has paid more attention to the absolute gains, rather than the relative gains, that have been achieved under the current international order.

In contrast, the third view holds that China is neither an absolute revisionist nor a pure status quo power. Some scholars focus on other factors like culture, knowledge and ideas, rather than only the realist power of balance.

For example, Hass (1992, p.3) holds that epistemic communities, which are a “network of professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge within that domain or issue-area”, play a crucial role in shaping state behavior, as well as the power and structural considerations stressed by realists. Combes (2011) contends that China is not a wholly status quo or wholly revisionist power. “Not being one does not mean to suggest that it is wholly the other” (Combes 2011, p.6) and there is a huge amount of middle ground between the two.

In this paper, by exploring China’s specific strategies towards various global financial governance institutions or events, I argue that China is not an innate status quo power or revisionist in global financial governance, and China’s behaviors or strategies are determined by its varying interests and preferences, which are not innate either, but affected by internal and external factors. In some cases where the existing international order may be in conflict with China’s interest and preferences, China tends to be more revisionist or revolutionary. On the other hand, where China’s basic interest and preferences is maintained, China is more likely a status quo. In this sense, the formation of China’s interest and preferences is the key to understand China’s behavior in international system.

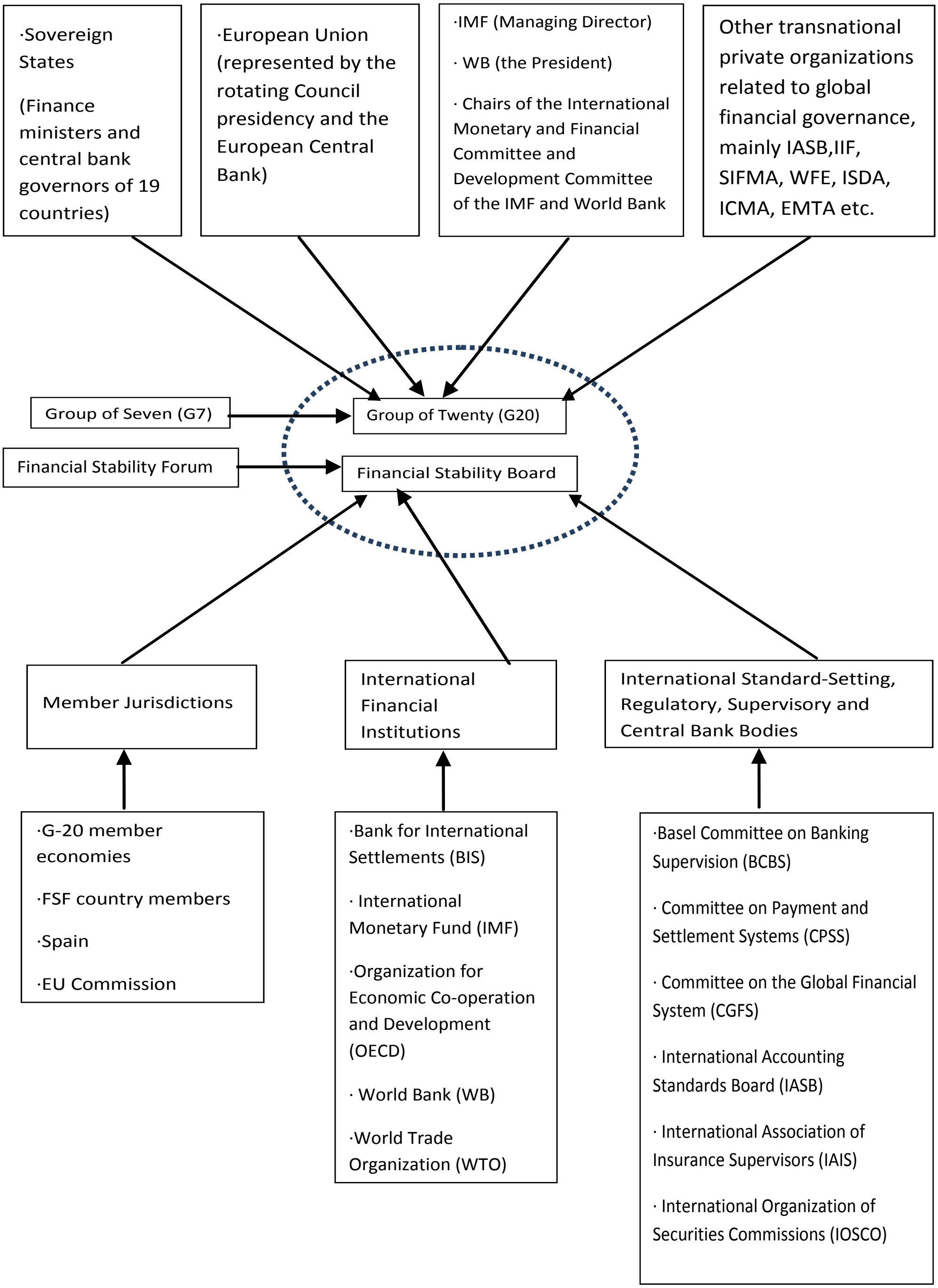
Structurally, the remainder of this paper first overviews changes related to the global financial governance system, outlines a sketch of the newly-reconstituted system and analyzes the characteristics of this new system. Then, changes of China’s position in the new system are looked into, followed by the last section that explores China’s diplomacy or strategies in global financial governance.

A Newly-reconstituted Global Financial Governance System in Response to the Current Financial Crisis

In the wake of the 2008 global financial crisis, the previous global financial governance system has been overhauled and, consequently, a new system has been gradually formed. The previous system was created by powerful G-8 countries in response to the growing volatility in the developing world following the 1997 Asian financial crisis. This architecture mainly comprises of the G-20, the Financial Stability Forum (FSF) and the Reports on Observance of Standards and Codes (ROSCs) (Soederberg 2002, p. 607). Compared to the prior global financial governance system, many changes occurred in response to the 2008 global financial crisis. First, in September 2009, the G-20 summit in Pittsburgh permanently upgraded the G-20 to a leaders’ forum with an annual rotating chairmanship. This powerfully suggests that the G-20 substantively supersedes the G-8 as the main economic council of wealthy nations. Second, in the G-20 London summit in April 2009 the leaders of the G-20 agreed to upgrade the FSF to Financial Stability Board (FSB), whose members include all G-20 countries, FSF members, Spain, and the European Commission (G-20 2009a). The FSB has been established, it is claimed on its official website, to address vulnerabilities and to develop and implement strong regulatory, supervisory and other policies in the interest of financial stability. The third is a flurry of changes in other transnational public and private sector institutions (Porter 2009) related to global financial governance. Transnational public institutions, such as IMF, WB, Bank of International Settlement (BIS), Basel Committee on Banking Supervision (BCBS), International Organization of Securities Commissions (IOSCO) and Organization for Economic Co-operation and Development (OECD), have made some changes in response to the current crisis. For example, the IMF made a realignment of quota shares to better reflect the changing relative weights of the IMF's member countries in the global economy. It also plans to double its total quotas and shift more shares to under-represented member countries and dynamic emerging market and developing countries (IMF 2011). In addition, some transnational private institutions, such as Institute of International Finance (IIF) and International Accounting Standards Board (IASB), also made some important changes. In the late 2008, for example, the IASB suspended fair-value accounting in a higher number of banks' holdings because it is "criticized for increasing the kind of pro-cyclicality of the financial regulatory regime" (Helleiner and Pagliari 2009a, p. 281). Generally, Helleiner and Pagliari (2009b) argued there have been three kinds of changes in global financial system before and during the current crisis: an expansion of the perimeter of international regulation, an effort to strengthen the fragmented system, and delegating regulatory and supervisory responsibilities to private market actors. ***(Chart 1)***

Consequently, a new global financial governance system, as illustrated in Chart 1, comes into focus. This new system reveals two major new features. First and foremost, it is an informal network. A network, Andrew Sheng (2010, p.3) points out, "describes a collection of nodes and the links between them". In the new global financial regulatory network, as shown in Chart 1, the major nodes are national and regional authorities, especially sovereign states, international financial institutions like FSB, BIS,WB and IMF etc. and "international standard-setting, regulatory, supervisory and central bank bodies" (IMF 2010, pp. 24-27), such as BCBS, IASB, IOSCO and so on. The links among the three major participants are reflected through the complex and interlaced membership of the international financial institutions and "international standard-setting bodies and other groupings" (IMF 2010, pp. 24-27). For example, as one of the two cores of the network, the G-20 comprises 19 sovereign states, a regional authority (EU) and some international

Chart 1: Networked International Financial Governance



institutions, mainly IMF and WB. Shown in Chart 1, the membership of the other core, FSB, is more complicated, including all G-20 members, previous FSF members, some international financial institutions and "international standard-setting bodies and other groupings". For another example, as an important member of FSB and one of key roles in the network, the Bank for International Settlements (BIS) itself is comprised of 56 national and regional central banks or monetary authorities and is the site of many committees like BCBS, International Association of Insurance Supervisors (IAIS), Committee on Payment and Settlement Systems (CPSS), the Committee on the Global Financial System (CCFS), the Joint Forum and FSF (Porter 2009, p.5).

The informality of the network is represented by the lack of formal rules of membership or structure of representation, formal decision-making rules, authority to make, implement, or enforce rules and formal method for resolving disputes (Martinez-Diaz and Woods 2009, p.1). Although some nodes of the network are not informal per se – such as international institutions like IMF and WB – nevertheless the network as a whole is made up of informal links among and between the nodes. At least, the two cores of the network, the G-20 and the FSB, characterize the informality. Taking G-20 as an example, despite playing a pivotal role in the new network, the G-20 has not established formal membership criteria, decision-making rules and enforcement mechanisms. Moreover, the G-20 has only been used for agenda-setting and consensus-building, policy coordination, knowledge production and exchange as well as norm-setting and diffusion (Martinez-Diaz and Woods 2009, p.1).

Second, this new network centers on G-20 and FSB and generates centripetal, or centralizing, force to coordinate global financial governance. In the new network, the G-20 and the FSB have played a particularly important role in developing and promoting the implementation of regulatory financial sector policies and urging international communication and cooperation among national financial authorities, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts (FSB 2011). This was especially obvious in mitigating the global financial crisis and bailing out the depressed world economy. The G-20 was created to "bring together major advanced and emerging economies to stabilize the global financial market" (G-20 2011) in the wake of the 1997 Asian financial crisis. Since the first head summit of G-20 in 2008 the member states of the G-20 have cooperated and come into consensus to fight protectionism, restore economic confidence, reform IMF, eliminate global imbalance, strengthen global financial regulation and create FSB etc. The G-20 also coordinate a flurry of other international organizations in various areas related to global financial governance, such as IASB in accounting, BIS, BCBS, FSB, IMF and WB in urging cooperation on global financial governance among national and regional central banks as well as IOSCO and IAIS in statutory regulation of global finance etc. (Germain 2010, p.140). The

G-20, as Woods (2010, p.51) pointed out, transfuses blood into multilateralism and "was a shot in the arm not just for coordination among governments but also for existing multilateral institutions".

The FSB, which includes representatives from many countries and international organizations (IOs), also plays a particularly important coordinating role. The FSB has made great efforts on strengthening international supervision, especially making up the loopholes of global finance, such as the procyclicality of financial sector, the too-big-to-fail issue, lack of risk resolution mechanism, insufficient regulation on derivatives and credit rating agencies, tolerance on off-balance sheet and flawed risk assessment method. The method of doing so is not to directly make or implement specific international rules, but coordinate and call on related IOs. For instance, since the 2008 crisis, the FSB has called for examining the forces that contribute to procyclicality in the financial system and developed options for mitigating it. Specifically, it identified three areas as priorities for policy action, which are the capital regime, bank provisioning practices, and the interaction between valuation and leverage, and formed three working groups to support the formulation of policy recommendations in these areas. Around the three major areas, nation states and various international private and public organizations have taken different actions. In 2010 the BCBS formulated a comprehensive set of proposals (Basel III) on the new CAD ratio to revise the procyclical problem. Many countries or regional entities had planned various tools to mitigate procyclicality. In the US, the *Dodd-Frank Act* includes countercyclical capital requirements. In the EU, the *De Larosière Report* recognized the excessive procyclicality in the Basel framework and proposed to reduce it by several methods. In Spain, banks are required to set aside provisions during boom time according to a formula (Hardouvelis 2010).

China's Position in Global Financial Governance System: a rising star or a leader?

The analysis of the changes in the global financial governance system, specifically the formation of the new network system, provides a framework for exploring China's new role in global financial governance. The new network, as mentioned above, largely consists of nodes and links among and between institutions and sovereign states. Therefore, observation on China's changes in global finance can be made along these two dimensions – nodes and the links among them. Moreover, the changes can also be observed from international and domestic perspectives respectively. The two angles of looking into China's changes in global financial governance are not separated but closely related to each other. As a new node of the network, China's changes in global finance governance include not only the incorporation into the new governance network mainly by strengthening the links between China and other players of the network – that is, other national or regional authorities, international financial institutions and international standard-setting bodies and other groupings – but also China's domestic economic and financial reforms and developments which have qualified China to be a new node of the network.

Internationally

China's New Role in the G-20 and FSB

Based on the aforementioned network analysis of global financial governance, from an international point of view, changes of China's role in global financial governance can be observed from the incorporation of China as a new node into the cores of the network, namely the G-20 and the FSB, and China's changes in other international financial institutions and international standard-setting bodies and other groupings. China has been incorporated into the G-20 and the FSB as a new key actor in global financial governance. As pointed out before, in the new network system the G-20 and the FSB are two cores. Therefore, China's presence in the two cores is a good indicator of its growing influence in global financial governance. In the wake of the 2008 global financial crisis, the emerging countries like China, Brazil, Russia and India, have gained bigger say in the G-20 and consequently in global economic and financial governance. Some scholars even posit that China will become the core power of G-20 together with the U.S., going further to suggest that the G-2 (the U.S and China) will be the new hegemonic power in global economic and financial governance (Garrett 2010). However, although China's role in the G-20 has been indeed enhanced, it is not strong enough to be a new hegemonic power paralleled with the U.S. because of the following reasons. At first glance, the U.S. hegemonic power in G-8 has been diluted by the creation of G-20. But this view "is blurred by the degree of American diplomatic leadership involved in G-20 process" (Cooper 2010, p.745). In fact, the U.S economic size, military power and soft powers deriving from its hegemonic currency, scientific innovation and so forth are still unparalleled. Moreover, despite the current sovereignty debt crisis and lackluster economic recovery of the EU, ignoring this "club" of core wealthy countries is unreasonable and unconvincing.[2]

In addition, the effectiveness of the G-20 as one of the two cores of the new network in managing world economic and financial order in the long term has been questioned. By extension, China's leading role in global financial governance through the new leading role in the G-20 is also doubted. As Nelson (2010, p.20) argues, the "G-20 could be an effective body in times of economic duress, when countries view cooperation as critical, but less effective when the economy is strong and the need for cooperation feels less pressing." To be sure, the G-20 has played a key role in coordinating different countries' bailout policies against the global financial crisis and in recovering the world economy. For example, in the Pittsburgh Summit the G-20 leaders pledged a fiscal stimulus plan of five trillion dollars between 2010 and 2012, and supported an increase in IMF and the Multilateral Development Banks (MDBs) funds by 1.1 trillion dollars (G-20 2009b).

Yet it is clear that the G-20 is staggering forward in the long-term reform of global monetary system. In order to transform itself from an "improvised crisis committee" to a "steering committee" the G-20 needs to "tilt more explicitly away from its concentration on a detailed but technical agenda and towards taking itself far more seriously as the hub of economic global governance" (Cooper 2010, pp.756-757). Without further reform or improvement the G-20 will be only a "temporary sticking plaster" focusing on short-term remedies policy on the world economy recovery rather than a "full organ transplant" (Maxwell 2009, pp.27-28) aiming at the long-term restructuring of global economic and financial order. China's role in the global financial governance architecture is thus limited in part by the G-20's structural limitations.

With regard to the FSB, it was established after the 2009 G-20 London Summit as a successor to the FSF. At the Cologne Economic Summit in June 1999, G-8 broadened the Forum to include Hong Kong, Australia, Singapore and the Netherlands. The previous FSF had no direct connection with China until it was upgraded to FSB in 2009. In late 2008, the leaders of the G-20 called for a larger membership of the FSF and "placing the FSF on stronger institutional ground with an expanded membership to strengthen its effectiveness as a mechanism for national authorities, standard setting bodies and international financial institutions to address vulnerabilities and to develop and implement strong regulatory, supervisory and other policies in the interest of financial stability" (FSB 2011). Responding to the call, in 2009 the FSF was broadened and replaced by the FSB, whose members include "member jurisdictions", international financial institutions and "international standard-setting, regulatory, supervisory and central bank bodies" (IMF 2010, pp.24-27). "The number of representative authorities per Member jurisdiction varies (from one to three) to reflect the size of the national economy, financial market activity and national financial stability arrangements of the corresponding Member jurisdiction" (IMF 2010, p.4). Not only has China become one of the member jurisdictions of the FSB, but also it has three representative authorities, which are Ministry of Finance of China, People's Bank of China and China Banking Regulatory Commission. Others who have three representative authorities are G-8 countries and several other emerging countries, including India, Brazil and Russia. Despite the elevation, it is ungrounded to argue that China, as a newcomer, is or will be a leader in the FSB in the foreseeable future.

China's Role in Other International Organizations

Apart from the addition of China as a new node in the new network by being incorporated into the G-20 and the FSB, links between China and other nodes, especially other international financial institutions and international standard-setting bodies and other groupings, have also undergone some changes. The first and foremostone is the enhancement of China's position in the IMF and WB. These two Bretton Woods institutions have played an indispensable role and are important nodes in the new network by overseeing the international monetary system and promoting the economic development of the world's poorer countries. Since the inception of the current crisis, China's position in the two institutions has become more central.

On 15 December 2010, the IMF Board of Governors, the Fund's highest decision-making body, approved a package of far-reaching reforms on the Fund's quotas and governance structure (IMF 2011). According to the reform package, China's IMF share will rise to 6.39% from the current 3.72% and the right to vote from the current 3.65% to 6.07% (Caijing 2010). China will become the third-strongest member of the Fund after the U.S. and Japan, surpassing Germany, France and the United Kingdom. Recently, IMF chief Dominique Strauss-Kahn contended that "the Chinese Yuan should be given a greater role within a restructured international monetary system" by adding the Yuan to a basket of currencies that composes the Special Drawing Rights (SDRs) (Wroughton 2011). China's position in World Bank has also been enhanced. In April 2010, the World Bank's 186 members decided to increase China's voting power from 2.77 % to 4.42 %. This rate is still behind the U.S.'s 15.85% and Japan's 6.84%. Despite the enhancement or potential enhancement of China's position in the two institutions, it is still unconvincing to say China will have a leading role in the two institutions. The U.S. still has veto power in both institutions by holding 16.82% votes in IMF and 15.85% votes in WB. China's votes after realignment, 6.39% in IMF and 4.42 % in WB, are still very small and do not empower China enough to be another leading role in the two institutions.

So despite its limited substantive impact on the governance trajectory of the IMF and WB, China has gradually become a more important member in other transnational public institutions related to or specialized in global financial governance (although even there Chinese influence is still limited in the most of them). For instance, China and the Hong Kong Monetary Authority gained membership in the BIS and its constituent bodies in 1996. As of today, members of BIS comprise the central banks or monetary authorities from 56 countries. Its Board of Directors is the most important decision-making bodies within the Bank. The Board of Directors presently has 19 members, which include six ex officio directors, six members appointed by and of the same nationality with each ex officio member, and seven elected directors according to the Statutes of the Bank. Zhou Xiaochuan, head of Central

Bank of China, is an elected director of the Board. Despite Zhou's presence, China's influence in BIS is limited.

It is important to note that since the inception of the current crisis, China has been given more attention in other international bodies located in BIS. In March 2009, banking supervision authorities from Australia, Brazil, China, India, Mexico, Russia, and South Korea became members of BCBS, one of the most important international bodies located in BIS (BIS 2011). This body provides a forum for regular cooperation on banking supervisory matters. On 29 July 2009, "the central banks of India and China, besides Australia, Brazil, Mexico, Russia, Saudi Arabia, South Africa and South Korea have accepted the membership of the Committee on Payment and Settlement Systems (CPSS)" (The Hindu Business Line 2009). This committee's Secretariat is hosted by BIS and aims at strengthening the financial market infrastructure through promoting sound and efficient payment and settlement systems. The Committee on the Global Financial System (CGFS), another committee located in BIS, has a mandate to "identify and assess potential sources of stress in global financial markets, to further the understanding of the structural underpinnings of financial markets, and to promote improvements to the functioning and stability of these markets" (BIS 2011). Here the People's Bank of China is one of the 23 member institutions. Moreover, China Insurance Regulatory Commission is one of the members of International Association of Insurance Supervisors (IAIS), which represents insurance regulators and supervisors of some 190 jurisdictions and whose Secretariat is also hosted by BIS.

In addition, China or some Chinese regulatory authorities have recently integrated into transnational private financial organizations. For example, In July 2007, a Chinese expert, Zhang Wei-Guo, was appointed as a member of International Accounting Standards Board (IASB). IASB, an independent and privately-funded accounting standard-setter based in London, England, consists of 15 experts from different countries "with an appropriate mix of recent practical experience in setting accounting standards, in preparing, auditing, or using financial reports, and in accounting education" (IASB 2011). However, 9 of the 15 members are from G-7 countries while only 3 of them are from developing countries (IASB 2011). Obviously, developing countries are a minority of IASB and China's power in the Board is weak. Yet Zhang's appointment points to growing influence for China in the IASB.

In the Institute of International Finance (IIF), the world's only global association of financial institutions, Chinese financial institutions have a significant presence. With 18 members, China ranks the third after the U.S. (52) and U.K. (22) (IIF 2011). In addition, China's two biggest stock exchanges – Shanghai Stock Exchange and Shenzhen Stock Exchange – are members of World Federations of Exchanges (WFE), while many Chinese financial firms are members of the International Swaps and Derivatives Association (ISDA) that has worked to make over-the-counter (OTC) derivatives markets safe and efficient. The following table clearly summarizes China's changes in the cores of the new network, namely G-20 and FSB, and in other transnational public and private financial institutions after the crisis. It shows clearly that in many IOs, no significant changes have occurred since the 2008 crisis. In a word, China's structural position in the new global financial governance network has been obviously enhanced, but China is not now and far from being a leader in the near future. Domestic development that will be discussed subsequently is an important reason for the enhancement discussed above, while the domestic problems are major barriers for China to be a leader.

Table 1. China's Changes in Major International Financial Organizations

Institutions		Before the Crisis	After the Crisis
Cores of the new network	G-20	Ordinary participant of the G-20 Finance Ministers and Central Bank Governors' Meetings	Major player of the G-20 Leader's Meeting; G-2 (US and China) or G-3 (US, China and EU) is argued as the core power of the G-20
	FSB	Not a member of FSF	A member of FSB with three representative authorities – Ministry of Finance of China, People's Bank of China and China Banking Regulatory Commission
Transnational Public Organizations or Institutions	IMF	A member with 3.72% shares and 3.65% right to vote	The shares and right to vote will be increased to 6.39% and 6.07%; China will become the third-strongest member of the Fund after the U.S. and Japan
	WB	A member with 2.77% voting power	The voting power will be increased to 4.42 %, which is the third biggest behind the U.S.'s 15.85% and Japan's 6.84%
	WTO	A member	No significant change
	IOSCO	China Securities Regulatory Commission is a Ordinary Member	No significant change
	BIS	Zhou Xiaochuan is an elected director of the 19 Board Directors.	No significant change in BIS per se, but some in its affiliated bodies below.
	CPSS	Not a member	The central bank of China became a member of it in 2009
	CGFS	People's Bank of China is one of the 23 member institutions	No significant change
	IAIS	China Insurance Regulatory Commission is one of the members	No significant change
Transnational Private Organizations or Institutions	IASB	No Chinese member before 2007	Zhang Wei-Guo was appointed as a member of the 15 Board Members in 2007
	IIF	18 Chinese financial institutions are its members. The number ranks third after U.S (52) and the U.K (22)	No significant change
	WFE	Shanghai Stock Exchange and Shenzhen Stock Exchange are its members	No significant change
	ISDA	Some Chinese firms are its members.	No significant change
	ICMA	Not a member	No significant change

Domestically: Achievements and Challenges

China has taken steps to enact important domestic policy changes both prior and in response to the current global crisis. These measures, no matter short-term and expedient ones in response to the crisis like the stimulus package or long-term and sustainable ones, such as domestic financial reform and ideational shifts in attitudes toward global financial governance (and global governance more generally), the internationalization of the Yuan and the development of China's sovereign wealth funds, all contribute to China's positive economic performance during the crisis and also enhancing China's position in global financial governance.

China's stimulus package in response to the current crisis has sustained China's excellent economic performance during the crisis and thereby enhanced China's position in global financial governance. This stimulus had the effect of minimizing some of the more harmful impacts of the financial crisis in important domestic sectors, especially the export industry. Although the global recession briefly diminished China's GDP growth compared to 2007 numbers (14.191%), under the "active" fiscal policy and "moderately easy" monetary policy (Xinhua 2008), China's consecutive high economic growth in the past decade has been sustained. From 2007 to 2012, China's annual average GDP growth rate is the highest in the world. The economic performance is a key underlying factor favoring China's greater integration into global financial governance networks, shoring up China's position in some international organizations like IMF and WB (see Table 1).

China's long-term domestic financial reform as part of China's reform and opening-up policy launched in the late 1970s has gradually completed China's financial system, promoted the development of China's financial sector and, as a result, increased China's influence in global financial market and governance. Specifically, the development of China's financial industry over the past 30 years can be observed from the increasing scale of China's financial industry, the establishment of exchange rate and interest rate regimes as well as the ongoing improvement of financial surveillance systems. According to a Global Times report (2011), as of October 2010 the total assets of China's financial industry, including banking, securities, insurance and funds, reached 101.65 trillion Yuan ($15.32 trillion US). The total assets of the banking sector exceeded 92 trillion Yuan ($14.32 trillion US), 1.47 times higher than at the beginning of the 11th Five-Year Plan (2006-2010). By the end of October 2010, the assets of 106 securities companies exceeded 2.24 trillion Yuan ($337.71 billion US), and the assets of 62 assets management companies exceeded 2.51 trillion Yuan ($378.41 billion US), 6.3 times and 4.32 times higher than at the beginning of the 11th Five-Year Plan, respectively. Moreover, the total assets of Chinese insurance companies reached 4.9 trillion Yuan ($738.73 billion US) at the end of November 2010, 2.2 times higher than at the beginning of the 11th Five Year Plan. Arguably, the increasing scale in these financial industries propels China's influence in the global financial market.

These impressive economic figures are augmented by strengthened domestic institutions. In the past 30 years, China's exchange rate (ER) and interest rate (IR) regimes have been reformed and improved step by step. Currently, China has established a managed floating exchange rate regime based on market demand and supply with reference to a basket of currencies, and has actively been establishing a multi-level and flexible interest rate regime that centers on the central bank's benchmark interest rate that can effectively reflect the capital supply and demand. Despite much criticism on China's ER and IR regimes, especially from some Neoliberal states, the two regimes indeed fit well with China's economic conditions and contribute to the fast development of China. In addition, as the transfer of the regulatory authority on security and insurance from People's Bank of China to China Securities Regulatory Commission (CSRC) and China Insurance Regulatory Commission (CIRC), and the establishment of China Banking Regulatory Commission (CBRC) in 2003, a financial regulatory system has been formed, in which CBRC, CSRC and CIRC work in coordination, each body having its own clearly defined responsibilities respectively on banking, security and insurance.

Clearly, China's attitude to global governance has undergone dramatic changes. In the cold war period, China's foreign relations were restricted by the special backdrop of contemporary world politics. At this time, global governance in China's view was more likely a tool used by the Western world to gain absolute national advantage, economically as well as politically. The deepening of China's involvement into processes and systems of globalization, the emergence and exacerbation of many transnational problems, such as global climate change, global environment pollution, transnational proliferation of communicable diseases and, of course, global financial turbulence, as well as the incremental dependence of China's economy on world market together have made China realize the necessity of participating in global governance. In the past decades, China actively participated in various international organizations. By 2003 China had become a member of 298 international organizations and Chinese organizations had become members of 2,659 transnational organizations (Wang and Rosenau 2009, p.22). According to the classification and data from Union of International Association (UIA), by 2003 China's participation rates in the A, B and C types[1] of international organizations that, taken together, constitute global conventional international organization, were respectively 67.57%, 73.66% and 50.74% (Wang 2006). In recent years, China has gradually formed its own vision of global governance under the concept of "harmonious world", which consists of four principles: "democratization of international relations", "justice and common prosperity", "diversity and tolerance" and "peaceful resolution of international conflicts" (Wang and Rosenau 2009, p. 17).

The gradual internationalization of RMB in the last decades is another critical factor in enhancing China's international position. According to data from State Administration of Foreign Exchange of China, the annual cross-border flow of RMB is about 100 billion Yuan and the oversea stock of RMB is about 20 billion Yuan. The total Chinese RMB supply (M2) is about 2 trillion Yuan, which means that the oversea RMB stock occupies about 1% of the total supply of RMB. Thus, the RMB has been, to some extent, widely accepted by surrounding countries or regions and the internationalization of RMB is in a progressive stage (China Financial Net 2009).

Arguably, these domestic changes constitute a firm basis for China being a more influential actor in global financial governance. Fundamentally, more substantive claims to leadership in global financial governance needs to be supported by a more stable and developed domestic environment. In post-crisis period, China still faces some domestic problems, such as the negative impacts of the crisis on China's economy, especially on the trade export, employment and currency value stability, in addition to the irrational economic structure and financial system. These impediments stymy China to be a leader in global financial governance. To be specific, three major challenges that China is facing in the post-crisis era are: maintaining economic growth, irrationality of the industrial structure, and exchange rate policy.

First, in the post-crisis era when the world market becomes gloomy, maintaining economic growth is a challenge to China. In 2008 as the U.S Subprime Mortgage Crisis escalated to global financial crisis and then spilled over from financial sector to the real economy, China's picture was mixed. On the one hand, "China could decouple from a recession in the West and it could be immune from financial turmoil by its 'closed' capital account and insulated banking sector primarily relying on deposits and not exposed to risky Western financial instruments" (Schmidt 2009, p.1). On the other hand, China is an emerging economy with high foreign trade dependence on the major economies, especially on the U.S. and EU. Therefore, when the financial crisis cuts import demand from China's major trading partners, China's intention to maintain sustainable and fast economic growth has been challenged.

Second, the irrationality of industrial structure is one of the biggest challenge and obstacle to the sustainable development of China's economy in the next decades. The irrationality mainly reveals the high foreign trade dependency ratio and the imbalance among the primary, second and tertiary industry. The negative impact of the irrational industrial structure is never only confined to the high trade dependence. The comparatively low productivity and profit rate, the instability of employment and market, as well as the relatively high pollution on environment etc. are all the bad consequences, which will challenge China's economy and urge a rational structure adjustment.

Third, another crucible for China is how to handle the so-called "international currency war"[2]. The crucial point in the international currency war for China is whether China's currency is undervalued and should be appreciated. China falls into a dilemma. On the one hand, the appreciation of RMB will increase the spending power and improve the living standard of Chinese, decrease the foreign debt to some extent, propel the adjustment of industrial structure and, at the same time, will be helpful for the China's investment abroad as well as for enhancing the confidence of foreign investors on China's economy. On the other hand, steep appreciation of RMB will setback China's economy in other aspects. In particular, the appreciation will negatively impact China's export, which now underpins China's economy, and consequently will cause enormous unemployment in the short run. In addition, given the appreciation of RMB, the foreign reserve which is mainly US dollar – denominated asset will devalue largely.

China in Global Financial Governance: Disparity of Strategies

As far as global financial governance is concerned, as reviewed above, China is seemingly becoming increasingly important following the eruption of the 2008 global financial crisis. However, from China's perspective, are all the institutions equally important? In other words, what are China's strategies towards the various types of global financial governance institutions, such as the informal networks G8 and G20, the conventional Bretton Woods institutions like IMF and non-governmental global financial governance institutions, such as IASB? Generally, China's attitudes towards the various institutions or different events within certain institutions differ and can be also categorized into three types: a reform-minded status quo, revisionist or indifferent power.

China has participated in the global financial governance, at times, as a revisionist which seeks to change the existing system. The two cases reviewed here, in which China played or is playing a revisionist role, are G8 and IMF. In G8, China is increasingly confident but cautious and reformatory. After refusing twice the invitation of G8 in 1999 and 2000, China finally started to contact with it in 2003 through participating in side meeting at the G8 summit in Evian, France. The following comment in China Daily, which is the major English newspaper of Chinese Government, reveals China's view on G8 (Ruan 2006):

"On the one hand, the group is trying to have a bigger say in international affairs, with its agenda extending from exclusively economic matters to international politics and security. On the other hand, however, the G8, bringing together just eight countries, is not representative enough. As a result, its prestige has dropped."

Chin (2008) clearly explained the caution and confidence of China toward G8. "The caution is a response to what Chinese leaders see as the basic ontology of world order that China is facing" (Chin 2008, p85), while the confidence derives from the growing systemic importance based on its increasing economic weight. To be specific, China treats G8 as an organ dominated by the major western countries, especially the US that is still the sole superpower for the time being and in the near future. As a result, the issues discussed in G8 are mainly related to maintaining these major countries' benefits rather than developing countries'.

Generally, China's attitude to IMF is also reformational. In the wake of the 2007 crisis, as reviewed before, China's position in the Fund has been enhanced in terms of the quotas and voting power. Nonetheless, the elevation has not appeased China and other developing countries. China's basic diplomacy to IMF is to urge it to reform. In 2009 G20 London Summit, President Hu Jintao clearly put forward a reform proposal for IMF: first, IMF should strengthen surveillance of the macro-economic policies of major countries; second, IMF should reform its governance structure; third, IMF should actively aim to improve the international monetary system by completing the mechanism for issuing and regulating reserve currencies and by promoting the rationalization and diversification of international monetary system (Zhou 2010). Zhang (2011) argues that China will act more like a balancer in IMF, which, on the one hand, represents and reflects the interests of the developing countries and, on the other hand, has showed great presence in the reform of IMF architecture. Furthermore, he holds that China has two strategic goals in participating in the reform of IMF and international financial system: one is to assure stable external economic settings for its domestic sustainable development, while the other is to "promote its own capacity-building in contributing to global economic governance for the sake of a better systematic framework on strong, balanced and sustainable growth of the world economy" (Zhang 2011, p2).

In addition to being a revisionist power, in more cases, China is a reform-minded status quo power in global financial governance. The examples reviewed here include China's strategy toward G20 and China's implementation of Basel III and IFRS accounting standard. China's dissatisfaction with G8 partly explains the more active and positive attitude of China to G20. Since 1999, China has actively participated in all G20 meetings and made contributions to the reform of international financial architecture and global economic developments (Huang 2011). From China's perspective, Huang (2011) thinks participating in G20 actively provides a chance to participate in global coordination, a chance to adapt to and learn global governance, a chance to represent the Chinese position and build China's external image and a way to facilitate the adjustment of the domestic economic structure. Chinese scholars Wang and Li (2012) explain that the active attitude of China to G20 lies in four reasons: economically, China needs a dynamic, stable and development-oriented international economic system; from an international order perspective, China needs a platform to reform the existing international order in its own favor; in terms of values, China needs an international institution that is in accordance with China in basic values towards international relations; from the perspective of dealing with global issues, China also needs a broader stage.

The appearance and elevation of G20 in global governance meets these needs of China and, consequently, G20, compared to G8, is more in China's interest. However, it does not mean that China is a perfect member of G20 and G20 is a flawless international institution for China. In fact, "there are limits to the amount of faith that Beijing has actually invested in the G20 Leaders process" (Chin 2010, p.116). For example, China Government has diplomatically supported the "Group of 155" process initiated by the non-G20 states in the UN and led by UN secretary General Ban Ki Moon. Chinese officials even question the legitimacy of the G20 for the over-representation of European states and under-representation of Southern countries and regions (Chin 2010). Moreover, prominent Chinese scholar Ren Xiao's (2012) research shows that China is a reform-minded status quo power, after delving into the issues of international monetary reform, reform of the international financial institutions, international financial regulation, the future of the dollar, and internationalization of renminbi. Specifically, on one hand, "China has actively participated in the G20's deliberations and actions, put forward its suggestions, sought expanded share and voting power in the IFIs in correspondence with its rising status, and promoted the internationalization of the Renminbi" (Ren Xiao 2012, p.30). On the other hand, China also espouses necessary changes for a "new international political and economic order" and pushing international order to change in the direction of becoming more just and reasonable. The mainstream view, as Wang and Li (2012) observed, holds that G20 is the premier forum for international economic cooperation, but is still one of the alternatives with an obscure future. Therefore, China should actively participate in G20, but do not put all eggs in one basket.

China's implementation of Basel III and adaptation of the IFRS with some minor adjustments in reference to China's specific situation are other examples of a reform-minded status quo power. In response to the 2007-09 financial crisis, in December 2010, the Basel Committee on Banking Supervision (BCBS) published Basel III, a comprehensive set of reforms to raise the resilience of banks, supplementing Basel II and 2.5 in a number of dimensions. Against this background, on 3 May 2011 the China Banking Regulatory Commission (CBRC) published its *Guidelines for Implementing New Regulatory Standards in the PRC Banking Industry*, which is China's own version of Basel III (Sekine 2011). On December 7, 2012 the CBRC published detailed timetable for implementation of new capital rules under the Basel III framework. The schedule requires all commercial banks to begin adhering to the rules from January 1 2013 and have a transition period of six years (Cushnie 2013). According to the *Progress Report on Basel III Implementation* issued by BCBS, China, along with other 7 countries, has done best in terms of the adoption of Basel III as of end September

2012 (BCBS 2012). In addition, China, specifically the Ministry of Finance, announced the introduction of new Chinese Accounting Standards in February 2006. Although the new standards do not comply with International Financial Reporting Standards (IFRS), they do adopt the principles contained in IFRS and are considered substantially convergent with IFRS (ICAS 2010).

Finally, toward some other global financial governance institutions or events, especially toward most transnational private institutions, China often plays an indifferent role. Except for IASB among these institutions listed in Table 1, China or Chinese members in other institutions, such as World Federation of Exchanges (WFE), International Swaps and Derivatives Association (ISDA) and International Capital Market Association (ICMA), is inactive and indifferent. The indifference lies in two aspects. First, Chinese members did not actively struggle for higher say in these institutions. Second, as a result of the inactive attitudes, after the 2007 crisis, China's status in these institutions has not been significantly elevated as shown in the Table 1.

Conclusion

In sum, three words are appropriate to describe the new global financial governance network and China in the new system – centripetalism (rather than centrifugalism), elevation (rather than domination) and disparity (rather than coherence). Centripetalism means the patched global financial governance network systemhas more centripetal forces to coordinate states and related international organizations. The new network centers on G-20 and FSB connects the previously-fragmented nodes (mainly sovereign states and IOs) and coordinates them in governing global finance. This new network is more effective to prevent and solve global financial problems, which are mainly ascribed to the high interdependence of global finance.

Elevation refers to a relatively more important role of China in the new system, but, by no means, a dominant (or hegemonic) role. The domestic situation explains, to a large extent, the elevation of China in global financial governance. Meanwhile, the domestic political economic challenges also account for the short-term or medium-term impossibility of being a leader in global financial governance for China.

Disparity indicates the differed strategies of China in various global financial governance institutions or toward different events. The description leads to several research questions that have not been answered convincingly in this paper and in related literatures: How do the domestic problems impede China's institutional and soft power in global financial governance? What are the driving forces of China's action or strategies in global financial governance? How are the different strategies or attitudes of China in global financial governance explained in reference to International Political Economy (IPE) and Comparative Politics (CP) theory?

References

BCBS, 2012. *Progress Report on Basel III Implementation.* Bank for International Settlements

BIS, 2011. *Committee on the Global Financial System*. Available at: http://www.bis.org/cgfs/index.htm [Accessed 10 November 2011]

Caijing, 2010. *IMF Approved the Quotas Reform Program and China's Share of Voting Rights Will Rise to the Third.* Caijing Website 6th November. Available at: http://www.caijing.com.cn/2010-11-06/110561191.html [Accessed 6 November 2010]

Chin, G. T., 2010. *The Emerging Countries and China in the G20: Reshaping Global Economic Governance.* Studia Diplomatica Vol. LXIII, N.2

Chin, G.T., 2008. *China's Evolving G8 Engagement Complex Interests and Multiple Identity in Global Governance Reform.* In: A. F. Cooper and A. Antkiewicz, eds. *Emerging Powers in Global Governance-Lessons from the Heiligendamm Process.* Wilfrid Laurier University Press

China Financial Net, 2009. *Central Bank of Malaysia buys into Chinese RMB Bonds.* 20th November. Available at: http://www.zgjrw.com/News/2010920/home/395381895201.shtml [Accessed 20 November 2009]

Combes, K., 2011. *Between Revisionism and Status Quo: China in International Regimes.* POLIS Journal Vol. 6

Cooper, A. F., 2010. *The G-20 as an 'Improvised Crisis Committee and/or a Contested 'Steering Committee' for the World. International Affairs 86:3*, pp. 756-757

Cushnie, L., 2013. *Red Tape Roundup: China set out Basel III timetable; India seeks to streamline foreign investment; Thailand encourages unrated bond issuance. Asiamoney, 2 January.* Available at: http://www.asiamoney.com/Article/3133747/RED-TAPE-ROUNDUP-China-set-out-Basel-III-timetable-India-seeks-to-streamline-foreign-investment.html [Accessed 5 January 2013]

Financial Stability Board (FSB), 2011. *About the FSB.* Available at: http://www.financialstabilityboard.org/about/overview.htm[Accessed 5 December 2011]

G-20, 2009a. *London Summit – Leaders' Statement.* Available at: http://www.G-20.org/Documents/G-20_communique_020409.pdf [Accessed 13 December 2009]

G-20, 2009b. *Leaders' Statement: The Pittsburgh Summit.* Available at: http://www.pittsburghsummit.gov/mediacenter/129639.htm [Accessed 13 December 2009]

G-20, 2011. *Welcome from the French G20 Presidency.* Available at: http://www.g20.org/index.aspx[Accessed 24 November 2011]

Garrett, G., 2010. *G2 in G20: China, the United States and the World after the Global Financial Crisis.* Global Policy Volume 1. Issue 1, pp. 29-39

Germain, R. 2010. *Global Politics and Financial Governance.* Houndsmills: Palgrave Macmillan

Grieco, J. M., 1990. *Cooperation among Nations Europe, America, and Non-Tariff Barriers to Trade.* London: Cornell University Press.

Haas, P. M., 1992. *Introduction: Epistemic Communities and International Policy Coordination.* International Organization 46(1), pp. 1-35.

Hafner-Burton, E. M., Kahler, M. and Montgomery, A. H., (2009). *Network Analysis for International Relations.* International Organization, 63, pp. 559-592.

Hamilton-Hart, N., 2012. *Regional and multi-level governance: East Asian Leadership after the Global Financial Crisis.* Asia Europe Journal, volume 9, pp.237–254

Hardouvelis, G. A., 2010. *Actions for a Less Procyclical Financial System. Eurobank Research: Economy and Markets,* Volume 5, issue 5, September.

Helleiner, E. and Pagliari S., 2009a. T*owards a New Bretton Woods? The First G-20 Leaders Summit and the Regulation of Global Finance.* New Political Economy, 14: 2, pp. 275 - 287

Helleiner, E. and Pagliari S., 2009b. Crisis and the Reform of International Financial Regulation. In: E. Helleiner, S. Pagliari and H. Zimmermann, eds. *Global Finance in Crisis: The Politics of International Regulatory Change.* London and New York: Routledge)

Helleiner, E. and Porter, T., 2009. *Making Transnational Networks More Accountable.* In: S. Burke, ed. Re-Defining the Global Economy. New York: Friedrich Ebert Stiftung Occasional paper #42, pp.14-24

Helleiner, E., 2009. *Reregulation and Fragmentation in International Financial Governance.* Global Governance, Vol. 15 Nbr. 1, January 2009

Hindu Business Line, 2009. *India, China now members of CPSS.* July 30. Available at: http://www.thehindubusinessline.in/2009/07/30/stories/2009073051072300.htm [Accessed 30 July 2009]

Huang, W., 2011. *Global Governance Under the G20: A Chinese Perspective.* In: Wilhelm H., ed. *G20 - Perceptions and Perspectives for Global Governance*. Australian Institute of International Affairs

IASB, 2011. *Members of the IASB.* Available at: http://www.ifrs.org/The+organisation/Members+of+the+IASB/Members+of+the+IASB.htm [Accessed 4 March 2013]

IIF, 2011. IIF Members. Available at: http://www.iif.com/membership/members/ [Accessed 5 March 2011]

IMF, 2010. *IMF Membership in the Financial Stability Board.* The Legal and Monetary and Capital Markets Departments

IMF, 2011. *Factsheet-IMF Quotas.* Available at: http://www.imf.org/external/np/exr/facts/quotas.htm [Accessed 5 March 2011]

Institute of Chartered Accountants of Scotland (ICAS), 2010. *Chinese Accounting Reform: Towards a Principles-based Global Regime.* Available at: http://icas.org.uk/chineseaccountingreform/ [Accessed 5 March 2010]

Johnston, A. I., 2003. *Is China a Status Quo Power?* International Security 27(4), pp. 5-56

Kim, S., 2004. *China in World Politics. In: Buzan B. and Foot R., eds. Does China Matter? A Reassessment.* London: Routledge, pp.37-54.

Martinez-Diaz, L. and Woods, N., 2009. *G20 – the Perils and Opportunities of Network Governance for Developing Countries.* The Global Economic Governance Programme Briefing Paper

Maxwell, S., 2009. *Is the G-20 a temporary sticking plaster or a full organ transplant? A Development Charter for the G-20.* Overseas Development Institute, pp. 27-28

Mearsheimer, J. J., 2006. *China's Unpeaceful Rise.* Current History, April, pp.160-162

Nelson, R. M., 2010. *The G-20 and International Economic Cooperation: Background and Implications for Congress.* Congressional Research Service 7-5700, pp. 20

Overholt, W., 2010. *China in the Global Financial Crisis: Rising Influence, Rising Challenges.* The Washington Quarterly, January, pp. 21-34

Porter, T., 2009. *Why International Institutions Matter in the Global Credit Crisis.* In, E. Helleiner at al, eds. *Special Forum: Crisis and the Future of Global Financial Governance.* Global Governance 15, pp. 1-8

Qu, B., 2010. *Dynamic Engagement: China's Preference to the International Monetary Cooperation.* In: Second Annual Colloquium of the Oxford-Princeton Global Leaders Fellowship Programme. Princeton University. Available at: http://www.princeton.edu/~pcglobal/conferences/GLF/qu_glf.pdf[Accessed 3 June 2010]

Ren, X., 2012. *A Reform-Minded Status Quo Power? China, the G20, and Changes in the International Monetary System.* RCCPB Working Paper

Ruan, Z., 2006. *China's Relations with G8 Raise Body's Status.* China Daily. 14 July

Schmidt, D. 2009. *The Financial Crisis and Its Impact on China.* Chinese Analysis, January. Available at: http://www.chinapolitik.de/

Sekine, E., 2011. *China's Own Version of Basel III and Its Likely Impact on China's Banking Sector.* Nomura Journal of Capital Markets, Autumn Vol.3 No.2

Sheng, A., 2010. *Financial Crisis and Global Governance: A Network Analysis.* Commission on Growth and Development Working Paper No. 67

Shirk, S., 2008. *China Fragile Superpower.* New York: Oxford University Press.

Soederberg, S., 2002. *On the contradictions of the New International Financial Architecture: Another procrustean bed for emerging markets?* Third World Quarterly, 23: 4, pp.607-620

Wang, H. and Rosenau, J. N., 2009. *China and Global Governance*. Asian Perspective, Vol. 33, No. 3

Wang, L., 2006. *Comparative Study on Countries' Participation in International Organization.* World Economy and Politics, volume 11

Wang, Y. and Li, J., 2012. *G20 and China. Contemporary International Relations.* Issue 6, pp. 44-49

Woods, N., 2010. *Global Governance after the Financial Crisis: A New Multilateralism or the Last Gasp of the Great Powers?* Global Policy Volume 1, Issue 1, pp. 51-63

Wroughton, L., 2011. I*MF Head Urges Bigger Global Role for China's Yuan.* International Business Times, February 11, Available at: http://www.ibtimes.com/articles/111298/20110211/imf-head-urges-bigger-global-role-for-chinas-yuan.htm#ixzz1JJadWGAU [Accessed 3 June 2011]

Xinhua News, 2008. *China Plans 10 Major Steps to Spark Growth as Fiscal, Monetary Policies Ease.* November 9. Available at: http://news.xinhuanet.com/english/2008-11/09/content_10332422.htm [Accessed 3 June 2010]

Zhang, H., 2011. *China and IMF Reform.* ISPI Commentary

Zhou, C., 2010. *IMF Reform and China's Foreign Affairs.* Contemporary World, No. 6, pp.54-56

Notes

1 "International standard-setting bodies and other groupings" and "international standard-setting, regulatory, supervisory and central bank bodies" are two interchangeable terms used in IFM and FSB's documents.

2 According to the statistics of IMF, the EU's GDP, which is 16,414,697 million of USD, ranked first in 2009.

3 WTO, as another Bretton Woods institution aiming at supervising and liberalizing international trade, also plays certain role in global financial governance. China became a member of WTO in 2001.

4 They are the Governors of the central banks of Belgium, France, Germany, Italy and the United Kingdom and the Chairman of the Board of Governors of the US Federal Reserve System

5 They are the Governors of the central banks of Canada, China, Japan, Mexico, the Netherlands, Sweden and Switzerland and the President of the ECB are currently elected members of the Board.

6 Among the 9 members from G-7 countries, 4 are American, 2 are British, 2 are French and 1 is Japanese. The 3 members form developing countries are Indian, Brazilian and Chinese. The other 3 members are Australian, South African and Swedish.

7 The A, B and C types are Federations of International Organizations, Universal Membership Organizations and Intercontinental Membership Organizations.

8 Brazilian Finance Minister Guido Mantega's words that "we're in the midst of an international currency war" have brought the conception – international currency war, and the debate on countries' foreign exchange policies to public attention worldwide in 2010.

About Author

Falin ZHAN

He is a PhD Candidate in Department of Political Science at McMaster University. His main research interests are global political economy, global financial governance, China's economic development model and China-Canada political and economic relations. His most recent representative work is *Understanding China's Diplomacy (Strategies) in Global Financial Governance Institutions: A Two-Stage Model*, presented at the 2013 International Conference on Asia-Pacific Studies.

zfl380@gmail.com